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NEWS SUMMARY

GENERAL

Firemen stand firm on claim

The Fire Brigades Union executive re-affirmed its determination to stand by the claim for a 30 per cent. pay rise, in spite of the lack of TUC support, after a meeting yesterday.

It is to seek help from other unions to prevent part-time retained firemen from working during the national strike, now entering its fourth week Page 8. Meanwhile, members of the National Association of Fire Officers have voted against strike action in support of a 40 per cent. claim but they agreed to take other forms of industrial action.

Firemen's leaders expressed their regret at the deaths of two soldiers who died in Manchester when their Green Goddess overturned on its way to a call yesterday which proved to be a false alarm. In Belfast, three soldiers were injured as Army firefighters brought a blazing newspaper office under control.

Envoys sent home

Police in Cairo, armed with machine guns, guarded the embassies of five hardline Arab states after Egypt severed diplomatic relations with them in retaliation for their sharp criticism of Sadat's peace mission to Israel. Nearly 300 diplomats from Syria, Iraq, Libya, Algeria and South Yemen were given 24 hours to leave. Back Page. In London, Mr. Menahem Begin, Israel's Prime Minister, was reported to have recovered from a stomach upset.

Kaunda attack

President Kenneth Kaunda of Zambia says he will no longer participate in Anglo-American peace efforts to end the guerilla war in Rhodesia and bring about a peaceful transition to black majority rule. He condemned the reaction of Dr. David Owen, British Foreign Secretary, to the recent Rhodesian raid on Mozambique which President Kaunda described as "savage and brutal." Page 6

Confidence plea

Mario Soares, Portugal's Prime Minister, appealed for support of the economic policies proposed by his minority socialist Government at the opening of a confidence debate. He promised that if he survived to-day's vote, the Cabinet would be restructured to include Independents. Page 4

Malaga riot

Police fired rubber bullets and tear-gas to disperse demonstrators in Malaga, Spain, where a general strike, in protest against the death of a Communist shot on Sunday, closed shops, offices, schools and banks. Political parties appealed for calm after two nights of rioting.

Sent for trial

Joyce McKinney is to face trial accused of kidnapping a Mormon missionary. Epsom magistrates decided there was a case to answer against Miss McKinney and fellow American, Keith May, on charges of kidnapping Kirk Anderson and imprisoning him in a remote Devon cottage.

Briefly . . .

Cyprus will not allow Nicos Sampson, imprisoned for 20 years for his part in the 1974 coup against Archbishop Makarios, to travel abroad for medical treatment.

Abdul Wali Khan, leader of Pakistan's National Awami Party, and 15 other members have been released on bail after more than two years in custody.

A lorry, carrying half a ton of dynamite, exploded in Huimanguillo, Mexico, killing nine people and injuring at least 10 others.

French police have arrested a man in connection with the shooting of a British tourist in Draguignan on Sunday.

Fiat is to raise the prices of some of its cars by an average of 3 per cent. Honda has increased the price of its Accord by £120. Page 8

A Soviet life insurance agent who sold policies for people already dead was jailed for 12 years.

BUSINESS

Equities down; gilts gain

● EQUITIES showed a sudden downturn after EMI's profits warning. FT 30-Share Index closed at 482.0, down 4.3.

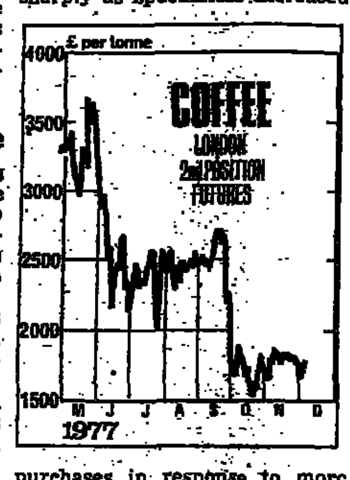
● GILTS gained in medium and longs by ¼; rises in shorts ranged to 7/16ths. Government Securities Index was up 0.41 for a three-day gain of 0.72 at 74.71.

● STERLING closed 85 points down at $1.8220. Its trade-weighted index fell to 63.2 (63.5) per cent.; dollar's widened to 3.32 (3.05) per cent.

● GOLD rose $1 to $159¼.

● WALL STREET was down 12.90 at 808.13, near the close.

● COFFEE prices on the London futures market rose sharply as speculators increased



purchases in response to more bullish chart patterns. By the close, January delivery coffee had risen £49 to £1,772 a tonne.

● ICFC, the subsidiary of Finance for Industry, which provides long-term funds for small businesses, is experiencing an unusual surge of interest in its lending facilities. Total applications for loans are £78m., up from £83m. in September and £32m. in September, 1976. Page 7

● SENIOR Cabinet Minister came to the defence of the National Enterprise Board's £20.5m. takeover of the Fairey group engineering interests. Mr. Michael Foot, Lord President, said in the Commons the takeover was "absolutely right in the interests of the nation as a whole." Back Page; The strategy, Page 18

● BRITISH motor industry is renewing attempts to strengthen and prolong the understanding on voluntary restraints by Japanese car importers. Figures show that the Japanese market share this year is likely to finish well above 10 per cent. Page 8

£52m. ships order for U.K.

● INDIA is to place orders in Britain for six cargo liners worth £52m. Back Page

● SAUDIA ARABIA'S opening position at the forthcoming meeting of the Organisation of Petroleum Exporting Countries is that there should not be an oil price increase next year. Back Page

● BRITAIN made the largest number of separate investments in U.S. industry last year, the Commerce Department said. Europe, Japan and Canada continued to be the largest investors in the U.S. economy, Page 5

● CHRYSLER is to close three of its six U.K. car assembly plants for a week later this month after a slump in the company's market share in November to its lowest level since June 1963. Page 5

COMPANIES

● GEC pre-tax profit for the six months to end-September was £144.8m. (£121.1m.). Page 20; Lex

● STANDARD and Chartered Bank pre-tax profit was up £14.9m. at £62.47m. in the six months ended September 30. Page 21; Lex

● RHM profit for the 52 weeks to September 3 was down by £3.39m. to £36.46m. Page 20; Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 8½pc '80-82	£96⅞	+ ⅞
Treas. 13¼pc 1997	£115¼	+ 1
Burtonwood	148	+ 11
GEC	233	+ 7
Gibbons (Stanley)	155	+ 8
Hall (M.)	166	+ 9
Intnl. Timber	116	+ 5
Kleen-E-Zee	71	+ 9
Laing (J.) A	142	+ 6
McKay Secs.	145	+ 12
Norton and Wright	163	+ 10
Triefus	86	+ 7
Union Discount	440	+ 10
United Scientific	230	+ 10
Vinten	74	+ 5
Whitecroft	189	+ 6
Sth. Pacific Petroleum	30	+ 13
Cons. Murchison	285	+ 15
Free State Geduld	£12⅛	+ 1
Randfontein	£30¾	+ 1
Stilfontein	242	+ 7
Venterspost	357	+ 15
FALLS		
Benn Bros.	64	− 6
Carless Capel	37	− 7
Chapman (Balham)	75	− 5
EMI	187	− 33
Glenlivet	473	− 10
Lyons (J.)	95	− 7
Marley	85	− 5
Wearra	30	− 5
BP (fully paid)	874	− 16
Pancontinental	700	− 35

Nine may accept postponement of direct elections

BY GUY DE JONQUIERES IN BRUSSELS

There are increasing signs that most other EEC Governments are becoming resigned to the view that Britain's difficulties in securing approval for the direct elections Bill may make it impossible to hold the first set of elections to the European Parliament early next year, as originally intended.

Britain was the only country which expressed serious doubts at yesterday's summit meeting of EEC leaders here about its ability to respect the May 10-June target date for the elections. But its reservations aroused none of the bitter criticism which some of its Common Market partners have been moved to voice on this score in the past.

Both Chancellor Helmut Schmidt of West Germany and President Valery Giscard d'Estaing of France expressed understanding of the problems facing the British Government and agreed that there was little to be gained at this stage from insisting publicly that the U.K. commit itself to a strict timetable for the elections.

This notable absence of rancour was no doubt due partly to the satisfaction felt by the leaders that they were able to resolve disputes on several other awkward issues, notably the financing of the EEC Budget, the size and composition of the Regional Fund and a plan to launch a new Community loan facility.

Britain's position on direct elections was outlined by Dr. David Owen, the Foreign Secretary, who said that he still hoped that Parliament would approve legislation embodying a regional list system before Christmas.

If this happened, it would be "difficult but not impossible" for Britain to meet the May-to-June deadline, but inaction might mean that the elections would have to be postponed until the spring of 1979.

Mr. Roy Jenkins, President of the EEC Commission, undoubtedly spoke for several governments when he suggested that a one-year delay would be too long. He said there would be "considerable disappointment" if the spring deadline were missed, but "great disappointment" if the elections could not be held next autumn.

The decision taken on the EEC Budget eases a source of mounting tension between Britain and West Germany. An ingenious compromise has been reached to permit the EEC to introduce a new budgetary unit of account, while respecting British and Irish insistence that the change should not result in a sharp increase in their budgetary contributions.

Britain will have to pay about £40m. to the EEC next year as a result of the agreement. But this is far less than the £250m. extra which it was being pressed to contribute by West Germany, which has also consented to a £120m. rise in its own national contribution.

Under a complex formula, each country will pay its budgetary share during the next two years in the unit of account which costs it least in terms of its national currency. This will leave a gap of about £265m., or 3.5 per cent. of the total Budget, which will be largely covered by further national contributions levied according to a choice of financial keys. After this second stage there will still be a small deficit of about £30m., which EEC Finance Ministers have to fill.

It was also agreed that the Regional Fund's financing should be set at 1.85bn. new European units of account over the next three years. To meet French objections, they decided to earmark 2 per cent. of the total for France's overseas departments and to divide the remainder among the Nine on the basis of the existing system of statutory shares.

Because of the depreciation of the pound, the increase in the fund's resources appears particularly sharp when expressed in sterling. Financing for the next three years is equal to £1.2bn., compared with the £540m. disbursed during the past three years.

Japan reticent on import moves Back Page

Editorial Comment Page 18

GEC appoints Cross to buy U.S. companies

BY MAX WILKINSON

THE GEC has hired Mr. Geoffrey Cross, former managing director of ICL to go to buy American companies, probably in the electronics field.

The news of Mr. Cross's appointment coincided with the GEC's announcement of pre-tax profits of £144.8m. on a turnover of £1.1bn. for the six months to the end of September.

The pre-tax profit is 20 per cent. up on the corresponding figure for last year and will contribute to the company's vast reserve of cash which now stands at more than £500m.

GEC has been anxious for several years to invest some of this money in the U.S., but, as yet, has had little success.

Mr. Cross announced three weeks ago that he was leaving ICL because his children's health required him to move to a warmer climate.

During his five and a-half years as head of ICL, the company's fortunes improved spectacularly. Pre-tax profits increased nearly seven-fold from £3.3m. in 1972 to £23m. in 1976.

The company developed a completely new range of advanced computers and made a major acquisiton in the U.S., Singer's computer operations.

Mr. Cross's new job is relatively undefined. He is to set up an office in California, and look for suitable companies GEC can buy.

Sir Arnold Weinstock, GEC's managing director, said last night that GEC's interests were so wide that almost any electrical or electronic company could be of interest.

"Geoffrey's job will be to take businesses in, to smarten them up, remove any management or other problems, and then hand them over to GEC in apple-pie order," he said.

Mr. Cross said: "I am delighted to be working for Sir Arnold, and I am delighted that in my new job I will not be in competition with ICL. This will be very much a full-time, 80-hours-a-week job."

Mr. Cross's association with GEC goes back several years, as GEC was one of the major shareholders of ICL when he joined. An informal agreement to hire him was reached less than 72 hours after he announced his resignation from ICL.

GEC's strategic objective is to buy a presence in the U.S. electrical market, which is now running at about £51bn. a year, roughly equal to the European market and a quarter of the total world market.

GEC's ambitions in the U.S. are matched by those of its German rivals, particularly Siemens.

It recently bought a 50 per cent. interest in the heavy electrical interests of Allis Chalmers. It has also bought, for $32.5m., a 17 per cent. share in a Californian components company, Advanced Micro Devices.

Philips, the Dutch electrical group, has bought into U.S. micro-circuit technology with its recent acquisition of Signetics. Bosch and Nixdorf have also been moving westward with recent purchases of American Micro-Systems and Centrex, respectively.

GEC has been looking at possible purchases in the U.S. for at least three years.

It maintains an office in New York, where it owns a diesel engine factory. It has a gas turbine factory in Texas and an electronics factory in Georgia. But expectations that a major acquisition would be announced earlier this year were not fulfilled.

Meriden able to stand on own, Page 7; GEC half-year results, Page 20

Profits fall hits EMI shares

BY KEITH LEWIS

SIR JOHN READ, chairman of the entertainments, catering and electronics group, shook the City yesterday with the news that his group's profits in 1977-78 were "running well below the level of last year." Over £36m. was wiped off the market value of the company by the close of business, with the shares ending 33p lower on the day at 187p.

Analysts' estimates of a static year's profits—based on the view that a modest decline in the first half would be made up by a better six months—have been dashed. The pessimists now fear a decline of perhaps 30 per cent. in pre-tax profits at the halfway mark and a significant setback for the 12-month period as a whole.

Interim results are expected next March.

Sir John told shareholders at yesterday's annual meeting that the order intake for the much-publicised body and brain scanners was "for the time being, insufficient to enable us to earn satisfactory profits, bearing in mind our substantial investment in the market."

He said the market for scanners was roughly half the size of that a year before, which had also shown a decline. He attributed the fall-off in demand to the constraints imposed on the buyers of medical equipment by President Carter's administration.

EMI is also finding its overseas businesses under considerable pressure. In Australia, the chairman of a company in which EMI has a 60 per cent. holding, has already announced that trading for the first four months of the present financial year "has been extremely difficult and that there is no indication that the profit fall experienced in the second half of last year will be arrested in the first half of this year."

The first quarter results of Capitol Industries-EMI in North America are also well below those of the corresponding period.

While declining to give a forecast of profits for the group overall, the chairman said that changes in the trading climate were "bound to be significant."

He added that the group expected some of these adverse trends to continue well into 1978.

Despite these grim predictions, most of the meeting was taken up with questions of the group's involvement in Government contracts for defence equipment. A number of shareholders asked that a break-down of profits from this source be included in the annual report and accounts, but Sir John said "it would not be in the public interest to disclose such figures."

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Public borrowing short of forecasts

By Peter Riddell, Economics Correspondent

THE PUBLIC sector borrowing requirement so far in the present financial year is running well below the level indicated by Treasury forecasts revised only just over a month ago.

Borrowing by the public sector between July and September was the lowest quarterly figure for 3½ years at £904m. This reflects higher than expected revenue, lower than expected expenditure as well as improved profits from some public corporations.

The total for the first half of the financial year is £2.45bn according to seasonally-adjusted figures announced yesterday by the Central Statistical Office.

This is equivalent to £4.9bn. on a crude annualised basis but there are certain special influences on revenue in the second half which were largely absent earlier and not included in the seasonal adjustment.

PUBLIC SECTOR BORROWING REQUIREMENT

£m., seasonally adjusted

1975-76	10,583
1976-77	8,783
1st	2,157
2nd	2,928
3rd	2,121
4th	1,799
1977-78	
1st	1,935
2nd	1,551
3rd	904

Source: Central Statistical Office

These are £1bn. from the recent cut in income tax, about £600m. from the recent uprating of social security benefits and £150m. from the removal of the petrol duty rise.

This indicates an annual rate of £6.6bn compared with the end-October projection for 1977-78 of £7.5bn., and the original March estimate of £8.5bn. (before the recent tax cuts).

This is a rather rough-and-ready estimate but it suggests that Government funding in the rest of the financial year could be less than previously assumed.

Moreover, insofar as present influences apply next year, the Treasury projection of a £7bn. borrowing requirement for 1978-1979 could be on the high side, allowing more room for tax cuts next spring.

Officials are likely to have been cautious in their projections partly because of uncertainty about how much of the evident undershooting of expenditure since April might be recouped by the end of the financial year.

U.S. to set steel import base prices

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Dec. 6

THE U.S. is to institute a trigger price system covering steel imports, based on the full production costs, including profits, of the most efficient foreign producers, who are at present the Japanese.

A Japanese team is due to arrive in Washington to-morrow to provide the necessary data. The plan is for the actual trigger, or reference, prices to be made public later this month and for the system under which the U.S. would be able speedily to levy additional duties on steel imported at below the trigger price, to begin within 60 days.

Mr. Anthony Solomon, the Treasury Under-Secretary and head of the inter-Agency task force whose recommendations were made public this afternoon, said that both the European Community and Japan had indicated they "supported the U.S. intention in principle."

European steelmakers, Mr. Solomon implied, might still be able to sell in the U.S. at below their costs because of the decision to base the system on that of the most efficient foreign producers in Japan.

Leaked

Mr. Solomon contended that the recommendations, many of which had been broadly leaked in advance, did not amount to protectionism because quantitative restrictions on imports had been avoided.

He made it clear that if the system was seen to be working effectively then the U.S. steel industry need not have recourse to anti-dumping actions against imported steel.

He ducked all attempts to draw him into estimates of the extent to which the flow of foreign steel imports into the U.S. might be stemmed by these proposals, arguing that the success of the domestic industry—whether or not to increase prices or to seek to recapture the imported share of the market by higher volume—would determine that.

The U.S. estimates that imports will command 17.9 per cent. of its steel market this year. This is up from 14.1 per cent. last year. Over the past two months imports have been commanding close to 20 per cent. of domestic consumption.

The task force recommendations embrace much more than the trigger price system. There were, however, immediate signs that they would not satisfy those in industry and labour who have been seeking greater protection for the steel industry, where employment has dropped by some 60,000 over the last few years.

Two steel state Senators, John Heinz and Richard Shweiker from Pennsylvania, criticised the proposals for their inadequacy. Last week the head of the Steel Workers' Union had publicly doubted that they would do much to restore employment in the industry.

The full range of proposals include possible accelerated depreciation allowances for the domestic industry, more Federal industrial loan guarantees, the rationalisation of environmental regulations applicable to the industry (but not their modification), speeded-up anti-trust investigations of steel mergers (but no changes in the anti-trust laws) and, intriguingly, the possibility of Federal aid to community or worker takeover of abandoned steel mills.

However, the total outlay of Federal funds in these associated proposals is unlikely to be great and Mr. Solomon made it clear that the centrepiece of the programme was the trigger price system for imports, which, he argued, should enable the domestic industry to recapture a substantial share of the market it had lost to imports, thereby improving its cash flow position and its capacity to make necessary capital investments for new technology and other modernisation.

Briefly, the trigger prices would be calculated as follows: the Treasury would make the final estimation based on production, transport and other factors, including general administrative expenses and what was described as "a capital charge." Thus, Mr. Solomon said later included a profits factor of an unspecified percentage.

Revision

The prices, reflecting steel product groups, would be revised quarterly, to take account of changing costs and exchange rate movements. Each quarter the price would be set within 5 per cent. either side of that product's full costs, a flexibility designed to smooth out temporary variations in the product's component costs.

The U.S. Customs Service would monitor imports using a new special Customs steel invoice document, yet to be designed, which importers would have to present at port of entry.

The price shown on this special invoice would then be compared with the trigger price in force at the time. And if the former were lower, the data would be passed on to the Treasury in Washington immediately for investigation.

The Treasury could then, if it determines that steel is being imported at less than the trigger price, institute the necessary proceedings.

LOMBARD

Competition in banking

BY MICHAEL BLANDEN

THE OUTBREAK of interest rate competition among the big banks last week is a welcome development, demonstrating a willingness to take an individual line rather than simply playing follow-my-leader. The choice now offered by the banks, and particularly the aggressive stance taken by the Midland with its low base rate of 6½ per cent. might even help to provide some stimulus at a time when demand for lending remains fairly sluggish.

For the banks themselves, faced with explaining their business to the Wilson Committee as well as with a Price Commission examination of their charges, it is no bad thing to be seen to be fighting it out in the market place. This after all was the intention of the Competition and Credit Control Policy when it was introduced 6 years ago. But I question how far it is really possible for competition on interest rates among the clearing banks to operate on anything other than a purely short term basis.

Never lasted

The evidence from the past experience is that competition has never lasted very long. Soon after the new official policy was introduced in 1971, for example, Barclays Bank cut its lending and deposit rates below those of the other big banks, and this lasted for some weeks before the rest came down into line. But the pattern has been that whenever a bank has moved out of gear, the disparity has lasted only a short time before rates have settled down in their usual pattern of uniformity.

This does not imply that the banks maintain any sort of cartel agreement among themselves. In a market where there is only a limited number of operators, there are good reasons for interest rates on both sides of the account to end up at most times at a uniform level. The banks, in the first place, gain only a proportion of their funds from branch deposit accounts to which the quoted interest rates apply. A significant part, and the most volatile, comes from interbank and money market deposits for which they must all pay the same rate and therefore incur a penalty if they want to lend more cheaply than the others.

Secondly, there is no reason to suppose that most customers, in the personal sector or among companies, will be prepared to change their bankers simply in order to gain the benefit of a fractional advantage on lending or deposit rates, particularly if they think that the difference is unlikely to last very long.

Finally, any switching that does take place is normally among the very big companies which maintain accounts at a number of banks, including both the London clearers and the U.S. and other foreign banks in London. They are in a position to take advantage of minor differences in rates and have the size of funds to make it worthwhile. But this type of business is just as likely to switch back again as soon as the advantage turns the other way, and bankers *cannot regard this as a source* of long-term benefit.

The present circumstances of the banking market may mean that the banks will be prepared to keep their rates at different levels for rather longer than they have in the past. On the deposit side, it is unlikely to make much impact; the competition for funds has not been between the clearing banks but with other outlets, particularly the building societies.

On the lending side, a greater proportion of the funds provided by the clearing banks to big companies is now lent on rates not related to their base rate but to the level in the interbank money markets. This is where the real competition is taking place between the U.K. banks and their foreign competitors, and it is unaffected by changes in the base rate.

Any meaning

The whole point of markets is that if differences in rates have any meaning, and if they result in a real movement in business from one bank to another, they must bring pressure for the level of rates to even up among the banks. This, after all, is the basic rationale for arbitrage in any market.

If, however, variations in rates make no long-term difference to the flow of business—as I suspect—then there is little point in any individual bank undercutting the others for very long at its own expense.

The banks are very well aware of the benefit to be gained in terms of marketing and publicity from being the first to lead a change in lending rates downward and of the drawbacks of being the first to move upwards. Midland, which has never been among the leaders in rate changes in the past, has taken the opportunity of the recent events to stand out from the rest. But the variations at present reflect more the fact that the banks were forced to take their own view of rates in the absence of any clear lead from the market or the Bank than a real outburst of lasting rate competition for banking business.

GARDENS TODAY

BY ROBIN LANE FOX

That late spurt again

UNTIL THIS last 10 days or so, it has been a late growing season. At least it seems so to me, partly because the last three years came to an abrupt halt with frosts in late October.

Not so this autumn. It still escapes me why the frosts have *not even put paid to the tobacco* plants. I am also aware of a sudden late autumn spurt in the less hardy evergreen shrubs.

Choisya has put on a good few inches since its second autumn flowering; *Escallonia Iveyi* has escalated, adding almost a foot in all directions so that I fear for its survival. Best of all has been the *Ceanothus*, and as I have just been surprised by the complaints of readers in Canterbury about the neglect of this family, it would be as well to give it a closer look.

Unless your garden is very cold, this is the best quick evergreen shrub for gardeners on soils which cannot support azaleas. When gardeners excuse their conifers on the grounds of thickness and persistence, they overlook this fast and far more handsome family of flowering shrubs.

Pot grown

Do not complain that you can only buy small plants in pots from the shops. Ceanothus moves more happily if it is pot grown because its roots are no keener on dislocation than those of *other quick-growing shrubs.*

There are no difficulties to the family if you do not plant them out in the open, away from walls in a cold and exposed place. To that extent, I suppose, they are not such good hedgers as the plain old conifers. But if we can risk an *Escallonia* hedge, I do not see why we could not risk a *Ceanothus* hedge, too, in the hardiest variety. If you want a gamble, it would be a good one in a reasonable sheltered place.

Even those who know the bigger ones quite well are surprised by a low-creeping form, called *Repens*, which I find very useful. Once you have planted the more exotic sorts of ivy, you would be glad of another thick evergreen which spreads about six feet across and mounds up to a height of 18 inches or so.

It is quite hardy in a west-facing border in the Midlands and it flowers as freely as its relations, covering itself in those blue flowers in May and June. Give it a year or two, and when it has settled in it will be a pleasure. Its full name is *Thyrsiflorus Repens*. Like other surprises, it hails from California.

While you are at it, you should certainly buy its bigger brothers and sisters. Experiment confirms that these are now the hardiest members of the family, capable of standing a usual winter away from a wall in a southern garden.

Their weakness, I find, lies rather in their habit of splitting their branches when struck by a gale or weighed down by a fall of snow: one heavy snowfall last January took the middle out of my oldest plant. Shake it off before it builds up into a heavy weight and do not hesitate to cut out any branches which it may wound. By the end of the *year they will have been replaced.*

Plain *Thyrsiflorus* is evergreen and flowers abundently in early summer. *Cascade* is an admired form, slightly less hardy and perhaps safer against a wall but equipped with longer and softer blue flowers. Both will reach about 15 feet if unchecked. They are extremely useful for any gardener who wants maturity quite quickly in an evergreen.

These Californian evergreens flower on the preceding year's growth. Gardeners are often puzzled about the best date for pruning those which have grown too freely against walls. The answer, therefore, is not to wait until the spring, when the flowers are imminent, but to clip them over as soon as they have *flowered.*

Not that the matter rests there, for pruning never does.

There are others of great value, the best resulting from the cross of one such evergreen with a deep blue French hybrid which annually sheds its leaves. The name is Autumnal Blue, a hybrid which spads the best of either parent and flowers as an evergreen from July to early autumn.

This plant, I think, is invaluable. Its season is otherwise left largely to *Buddleias*, *Hydrangeas* and a few white-flowered exotics. But Autumnal Blue is not even a nurseryman's blue. It is a proper pale blue and it will grow for anybody, however negligent, as long as it is not too badly exposed. It is *rather more than six feet high* and liable to bush out as an emphatic point against a wall.

I carry in my head a judicious note by the late W. E. Bean who was not an author who exaggerated. Autumnal Blue, he remarked, is claimed to have withstood 32 degrees of frost while growing in the open in the lower Thames Valley. Rather it than me. Might it not, then, make a useful hedge?

I like the deciduous varieties because they have a neglected use. They are certainly not very hardy and you should be prepared to protect them with straw, bracken or the branches, say, of your old Christmas tree as soon as the weather turns cold.

But they are so useful in south-facing borders, especially if treated as natural successors to the *Anchusa* and grouped for their blue or pink flowers, freely borne from the second year onwards. Where else can you find fine blue flowers in late summer? I prefer *Henri Desfosse* to the more popular *Gloire de Versailles* because his flowers are a deeper colour.

Topaz is a particularly pretty dark blue, while the pink *Marie Simon is quite remarkable, the* most elegant colour, never expected by those who know only her common brothers. She is not at all hardy, but I think she is well worth your bother.

In a warm town garden, walled and sheltered by neighbours, she would probably stay the course. John Scott, the Royal Nurseries, Merriott, Somerset, sold me mine, and she lasted for four years until I ran out of straw one late afternoon last February and decided to give what remained to a myrtle bush instead.

That night, about a 10-degree frost was the end of her—but she had been worthwhile before she went.

Avoid the other pink one called *Perle Rose* as it shades *badly into carmine and varies* in its blurred colour. There are enough good *Ceanothuses* for you to be able to avoid second best.

You Only Live Twice was TV champion

SHARE of audience figures for November produced by AGB and released to-day by Jictar show that in homes able to receive both ITV and BBC the viewing ratio was 54 per cent. ITV, 39 per cent. BBC, and 7 per cent. BBC2.

During November, the programmes with the highest *audiences were:*

1, You Only Live Twice, Sunday, November 20, ITV, 20.8m. viewers;

2, Sale of the Century, Saturday, November 19, Anglia, 20.6m.;

3, Bruce Forsyth and the Generation Game, Saturday, November 20, BBC 19.05m.;

4, George and Mildred, Monday, November 21, Thames 18.40m.;

5, Miss World 1977, Thursday, November 17, BBC, 18.15m.

More sales by handicapped

SALES from "sheltered" work*shops for handicapped people in* west Yorkshire rose by 163 per cent. In the year ended March, to over £1,600,000.

The Joint Venture Group which runs the five workshops was told at Bradford yesterday that 80 per cent. of the expenses were now met by sales, and less was needed from the rates.

Defence assures an Oxford victory

RUGBY

BY PETER ROBBINS

OXFORD may not have had the attacking abilities of Cambridge but their defence was quite superb and it eventually gave them a victory over Cambridge by 16-10 in a match which, if never achieving the greatest technical heights was extremely exciting.

Rarely can a side have won so much possession and lost a game largely through giving away penalties as did Cambridge. Watkinson, Oxford's kicker, scored his first penalty after 22 minutes to cancel out Hignell's early penalty.

Then the Cambridge back row (and Robbie also who moved to the blind side) committed an awful gaffe as Faktor having put the ball in broke back on the same side with the irrepressible Moir at his elbow. Moir barged over for a try that in theory should never have been scored. Watkinson kicked two more penalties just on the interval giving Oxford a comfortable half time lead of 13-3.

Ten minutes after the re-start Breakey kicked diagonally and *Hoolahan could not hold the* greasy ball and Greig scored a try for Cambridge. Hignell missed a very kickable conversion and then as Mitchell, the Cambridge flanker, got off side Watkinson kicked his fourth penalty. Robbie did the same for Cambridge a minute later and the final siege of the Oxford line began as Robbie tried to find a way through a massed defence.

It was then that the strength of the Oxford defence was revealed for Hopkins, the full back, took every kick with complete calm and one mark for the kick from Davies probably saved the game for Oxford.

If he was the last in a long line of defenders the other key man was Davies the Oxford fly half who dropped only one pass all afternoon. His service from Faktor was slow but accurate but Davies' assessment of what to do was vital *to* Oxford. He let the ball go unwisely on one occasion and Oxford knocked on and thus *lost yards.* Davies also made Hignell run from side to side to the acute embarrassment of the Cambridge captain.

Oxford were never out-scrummaged thanks to a good second row effort from Robinson and Budge. It was also noticeable that the Oxford tight forwards, Enevoldson, Light and Horn were still getting round the field quickly in the later stages giving more than a hint that Oxford were fitter.

But Oxford were badly beaten in the line-out mainly by some superb jumping from the Cambridge No. 8, Butler, and the second row Heath. Butler appeared at times to be playing the game on his own.

When the ball bobbled around Cambridge still won the major share, but then the Oxford back row took over as a unit. Moir covered acres of ground while White and Mitchell so restricted Robbie that even he, class player though he is, suffered se[...] frustration. In the middle o[f the] game his and Breakey's kic[ks] suddenly became much [...] dangerous.

This gradual breakdown o[f the] Cambridge half-back play [...] perhaps the other critical f[actor] in Oxford's victory. Br[...] dropped passes galore or b[...] adjust the ball giving tim[e for] Mitchell and Moir to [...] through on to him.

Very early on Breakey br[oke] off an excellent scissors [...] Fosh who tore through th[e Ox]ford defence. That looked [omi]nous for Oxford but then [...] and Davies, the Camb[ridge] centres, began to drop [...] and the Cambridge half[...] became more introspective.

The more it did so the qu[...] their game disintegrated [...] all Oxford had to do w[as] tackle them or channel th[...] their tight forwards.

Even when Cambridge d[...] pand Bryan and Watk[...] tackled conclusively. One [...] desperately sorry for the [Cam]bridge forwards seeing so [...] effort ending in futility. [...] drew little support from H[...] who was very unfit and h[...] it. So much so that he came up into the attack late in the game. Both he [...] the talented O'Callaghan [...] got into the game which [...] Oxford was a great blessing [...] also a mark of their planning.

*Cambridge made two sub[stitu]*tions with Stevenson comin[g on] for Shaw at prop after [...] minutes and Crothers repla[cing] O'Callaghan five minutes [...] time.

Rosscarbery one to follow

RACING

BY DOMINIC WIGAN

IN SPITE of a disappointing season to date, David Morley's usually prolific Bury St. Edmunds establishment may be worth following over the next few weeks. Several stable representatives have run well enough recently to suggest that there are a fair number of successes in store and one—Rosscarbery—looks to be the best bet at Leicester to-day.

This useful looking Bold Lad colt, who joined Morley's team from France, caught my eye when showing up well for a long way in a division of Ascot's Binfield Juvenile Hurdle at the end of October.

In the thick of things until three flights from home, Rosscarbery—having his first outing over hurdles—lost his place in the closing stages only through lack of peak fitness.

Certain to be all the better for that run, Bob Davies's mount, among the runners for the first division of the Pickwell Maiden Hurdle, could prove too determined for likely favourite Swallow Prince, who looked far from enthusiastic when fading out of contention behind Rodman in the Aurelius Hurdle on the same course three weeks later.

In the second division of this hurdle, I believe it could pay backers to give another chance to Scrapalot.

The Epsom colt, who proved a costly favourite for many at Stratford recently, where, after being backed from 3-1 to half those odds, he failed to hold Officially and Mr. Gemini in a division of the Southern Cross Hurdle, has shown enough at home to suggest that he can improve on that display.

Fields have cut up extren[...] disappointingly at Ayr, wh[ere] there are only 25 runners [in] the six races. Irish challen[ger] Meteorologist, for whom Br[...] Lusk has secured the servi[ces] of leading rider Jonjo O'Ne[ill] looks to be the safest bet [of] the afternoon in the Vulmic[...] Trophy, in which he has o[nly] Sea Count to beat.

LEICESTER

12.15—Rosscarbery***
12.45—Scrapalot**
1.15—Captain Cheeko
1.45—Stublick*
2.15—Sanskrit
2.45—Duc de Bolebec
3.15—Bedford Lodge
3.45—Windy Spring

AYR

1.00—Meteorologist
1.30—Coffee Boy
2.00—The Last Light
2.30—Cask and Glass

Mixed fate of Impressionists

SALEROOM

BY ANTONY THORNCROFT

CHRISTIE'S HELD its annual pre-Christmas sale of Impressionist pictures yesterday and brought in £1,216,300.

The two works with the highest pre-sale estimates, a Degas and a Miro, failed to find buyers, and the general level of demand was disappointing, but widespread international bidding ensured purchasers for most of the important lots.

The top price was £78,000 from Okada, a Japanese buyer, for "Pruniers en Fleurs" by Camille Pissarro. A 10 per cent. premium must be added to all hammer prices.

A Middle Eastern dealer, El Zemmy, gave £70,000 for a Renoir, "Femmes dans un Paysage a Cagnes," while Said, a Persian, bought Chagall's "Le Quai a Paris" for £64,000, and another Chagall, "Bouquet de Violettes," for £55,000.

A Swiss buyer, Krotoschin, paid £40,000 for "Bouquet sur Fond Rouge" also by Chagall, and the same sum acquired for Okada a Utrillo "L'Eglise St. Medard et la Rue Muffetard."

Wolpe Gallery, Cape Town, bidding by telephone from South Africa, bought a Kandinsky "Kohlgrubenstrasse, Murnau" for £30,000; and Mitsukoshi, from Japan, secured a Dufy "Les Jetees, Deauville" for £25,000.

The drawings and watercolours sale in the afternoon went quite well adding £227,730 and establishing an auction record price for a Chagall watercolour when Said bought "Fleur de la Vie" for £32,000.

He also took a Cezanne watercolour "Vue de Pontoise ou d'Auvers-sur-Oise" for £20,000.

A Viennese buyer paid £12,000 for a Schiele watercolour, and "Dans la Baignoire" by Degas sold for £9,000.

Waddington and Tooth made a rare London intrusion among the high prices with £8,500 for a pen-and-ink Matisse, "Nu au Collier."

Sotheby's saleroom in Belgravia held one of its important Victorian picture sales and brought in £193,890.

The highest price was the £6,000 from Maas for a pair of paintings by Augustus Egg "The Life and Death of Buckingham." The major lot, a Landseer, "The Forester's Family," went below estimate for £4,000.

The Bonham's silver sale brought in £28,516, with a top price of £2,700 for a four-piece tea and coffee service by Gerd Jensen.

Christie's, South Kensington, sold phonographs and gramophones for £16,732.

At Sotheby's, Colnaghi paid £15,000 for Piranesi's "Vedute di Roma" with 134 plates, in the sale of topographical books which made £62,153.

"Pruniers en Fleurs" by Camille Pissarro, signed, and dated 1889, fetched £78,000, the highest price at Christie's yesterday.

TV Radio

BBC 1

† Indicates programme in black and white

12.05 p.m.-12.20 Schools, Colleges. 12.45 News, Weather. 1.00 Pebble Mill. 1.45-2.00 The Flumps. 3.53 Regional News (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jubilee Jackanory. 4.40 Pink Panther. 5.00 John Craven's Newsround. 5.10 King Cinder. 5.35 Ivor the Engine.

F.T. CROSSWORD PUZZLE No. 3,538

ACROSS

1 Aim blow at tenanted approach to house (3, 5)

Solution to Puzzle No. 3,537

FINANCIAL TIMES

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Soho Poly

A Bit of Rough

by MICHAEL COVENEY

Carole Hayman and Trevor Eve — Leonard Burt

Tennessee Williams's *Streetcar Named Desire* is the definitive model for Gilly Fraser's pungent lunchtime snippet about the affair of a trendy middle-class girl and her sexy Brixton barrow boy. We witness only the end of the relationship, however, as Julie (Carole Hayman) returns battered and raped to Ray's (Trevor Eve, currently appearing as one of the sons in *Filumena*) New Cross pad. The walls are decorated with James Dean and Elvis posters, as well as with pin-up shots of Ava Gardner and Natalie Wood. Ray's business is dealing in nostalgic pop records, and Julie, who wears no knickers "to be fashionable," panders to Ray's throw-back tastes by dressing like Rita Hayworth.

The chief dramatic twist is the revelation that Julie has been raped by her ex-husband, "loopy Leo the poet" at her friend Celia's smart thrash, and the confession chimes with Ray's possessive attitude towards the opposite sex. He reckons she probably owed Leo something anyway. The backgrounds of the two characters are lightly but effectively sketched: Julie has at last found the sort of sex she needs with Ray, while Ray has responded to Julie's "class" as an alternative to the readily available "slags" he grew up with.

None of this makes for particularly comfortable viewing, but it would be wrong to deduce from the action that Miss Fraser is suggesting that working-class brutes are endowed with more sexual verve than their effete counterparts in advertising and the media. The argument is never presented as a thesis but remains rooted in the explicit language of the two characters.

Ray has himself escaped from marriage to a girl who now lives in a council block with their child, watching television and eating out of tins. That, at least, is how he refers to her. Julie is not going to be second on the list and, when Ray goes out to collect some more masterpieces by Del Shannon and the like, she packs her bags. But not before doing something unpleasant with a piece of broken glass. Both performances, in Max Stafford Clark's admirably controlled production, are perfect. The highest compliment I can pay to Mr. Eve is that he is credible throughout, while Miss Hayman is moving without being raucous. In all, a strong and worthwhile piece.

Düsseldorf Opera

Jenufa and Mr. Broucek

by ELIZABETH FORBES

Within a space of ten days the Deutsche Oper am Rhein, Dusseldorf, is presenting a cycle of six operas by Janacek, from *Jenufa* (the third) to *The House of the Dead* (the ninth and last), omitting only *Fate* (the fourth) from the Czech composer's mature, in the sense of fully-developed, operatic works. The productions are all directed by Bohumil Herlischka and conducted by Peter Schneider; of the two I attended, *Jenufa* has sets designed by Hermann Scherr, and *The Excursions of Mr. Broucek* by Ruodi Barth, while Liselotte Erler is responsible for the costumes of both. The operas are sung in German translation.

Jenufa has become a repertory staple in most Northern and Central European countries, but frequent hearings do not lessen the emotional impact that the piece makes in the theatre; familiarity, far from breeding contempt, increases one's admiration for the depth of Janacek's feelings for humanity, for the breadth of his sympathies. The Dusseldorf production, sober and straightforward, with plain, workaday sets and drab or dark costumes, lays the entire burden of transforming a rather ordinary slice of Moravian village life into an imaginative work of art onto the singers and the orchestra.

Stella Axarlis makes a sturdy, warm-hearted Jenufa, able to suggest the obsessional if transient infatuation of the girl for Steva as well as the slow growth of her more lasting affection for Laca. Nadezda Kniplova's Kostelnicka, outwardly reserved and self-contained, boils passionately below the surface with pride and love for her foster-daughter. She sings with superb attack, the timbre of her voice, vibrant and darkly gleaming, in effective juxtaposition to the softer-edged tones of Miss Axarlis. William Holley, a vocally dependable Laca, and Werner Gotz, charming and volatile as Steva, are equally well contrasted.

Peter Schneider conducts with obvious understanding of Janacek's musical idiom. This perception is even more evident in *The Excursions of Mr. Broucek*, where the composer's originality has grown to a striking degree—he began *Jenufa* in 1894 and finished *Mr. Broucek* in 1917. With the loyal assistance of the Dusseldorf Symphony Orchestra, Mr. Schneider weaves the innumerable tiny themes into a deceptively fragile tissue that proves as strong as a spider's web. Such musical strength is imperative as the text, especially that for Part I, *Excursion to the Moon*, is so weak. Fifteen persons were involved with the libretto of Part I, and Janacek took nine years to complete the score. Part II, *Excursion into the 15th Century*, with one librettist, took less than nine months.

The original novel by Svatopluk Cech from which the *Moon* adventure was taken satirises the Aesthetic Movement of the 1880s, and unfortunately W. S. Gilbert's text for *Patience*, written a few years earlier, does that with much greater wit and skill. Broucek, intended as a monster of Philistinism and, in Part II, of cowardice, emerges as the only sympathetic figure, an anti-hero much to the taste of the 1970s. The production finds these problems unsurmountable: whereas the opening scene outside the Vikarka Inn at Prague in 1888 and Broucek's frightening entanglement with the Hussites in 1420 are competently staged, the trip to the moon is frankly a mess.

Similarly Ruodi Barth's solid Prague street scene, and his toy-town cutouts of the medieval city both work well, but his lunar landscape is less satisfactory (though he does provide a splendid Pegasus). As Broucek, Udo Holdorf gives a richly human and comic performance, scaling his high tenor vocal line without difficulty, unfazed by Moonmaidens or Hussite fanatics, but longing always for the familiar comfort—and the beer and sausages—of the Vikarka. Rachel Yakar sings delightfully as Malinka (in the "present") strikes some fine attitudes as Etherea on the Moon and declaims patriotically as Kunka in the 15th century. Ernst Gutstein is impressive as her father in each incarnation while Wolfgang Witte plays her respective lovers engagingly.

Festival Hall

Haitink by DOMINIC GILL

The London Philharmonic Orchestra began their concert under Haitink on Monday evening with the London premiere of a new work by Witold Lutoslawski, *Mi-parti*—commissioned, and first performed by the Concertgebouw in 1976. The title (a French word meaning "made of two equal but different parts") refers not to the form of the piece, but rather "to the treatment of the musical ideas." Perhaps also to the substance of the music, made up as it is of roughly equal parts of smooth facility and empty rhetoric. *Mi-parti* must surely be the slenderest piece Lutoslawski has yet offered us: a scrap-book mix, 13 minutes long and very neatly blended, of pretty, sweet-spun instrumental sonorities framing a central climax reminiscent of nothing so much as the noisier moments of almost any film-score car-chase. It has "short orchestral commission" written in capital letters all over its face.

The account which followed of Mozart's C minor piano concerto K.491, with Stephen Bishop-Kovacevich as soloist, was as unexceptionable as it was uneventful: plain and conscientious, but almost entirely without aura or magic. For all manner of reasons—chiefly concerned with tiny details of phrasing, colour, and attack—the performance remained obstinately earthbound.

By contrast, Haitink's finale after the interval had real buoyancy and presence, and grew in stature as it went: a closely detailed reading of the Eroica symphony, strong, fiery and beautifully balanced—the funeral march especially, even if the LPO's string tone lacked ideal punch at climaxes, combined sombre restraint with marvellous rhythmic momentum, forward movement; and the scherzo and finale both, quick and clear, splendidly firm.

Television

Into the Soul of South Africa

by CHRIS DUNKLEY

The most powerfully affecting programme of the week was the first of Antony Thomas's four-part documentary series for ATV: *The South African Experience*. Those unfortunate enough to have missed it should know that it was, if you can imagine such a thing, a lyrical denunciation of apartheid. If the other three programmes "probing the heart and mind of the Afrikaner nation" (Part 2 tonight, the others on consecutive Wednesdays), are anywhere near similar then this will be one of the outstanding series of the year.

There are two criticisms to be got out of the way before seeing why the programme was so good, and why it was much more effective than many another piece of detailed television journalism.

First, some explanation should have been given on screen of how the programme came to be made. You don't have to be a professor of political theory to know that there are difficulties about filming in South Africa, and it was bad public relations policy to give no indication of how these difficulties were surmounted.

Even more important, it deprived viewers of one of their most valuable context-setting tools: should we have been bearing in mind as we watched that this film was shot clandestinely on 8 mm. tourist cameras? (It certainly did not look like it.) Did Thomas claim to be making one sort of programme while actually making another? It is impossible to believe that he was given permission to make the film that we saw. Did he anticipate a lifetime ban from South Africa after the programmes appeared?

The questions do not express idle curiosity. The programme did not pretend, thank goodness, to have been made by an objectivity machine: it openly conveyed the subjective view of a human being equipped like the rest of us with heart as well as head, beliefs as well as knowledge, and all the prejudices of any man who has experienced childhood. That was its greatest strength.

It is always good to find television using journalism of this sort, rather than pretending that there is some ultimate abstract concept called "balance" since, as Jonathan Dimbleby rightly says, balance depends on where you decide to put the fulcrum. But if we are to have this sort of approach, and be treated like grown ups listening to grown ups, then in order to evaluate what we see and hear we need to be equipped (at least when the subject is widely acknowledged as "controversial") with a modicum of information about the men and the means employed.

Criticism No. 2 is of the way that Thomas occasionally over indulged his subjectivity and pushed his feelings at us too hard. The simple sight of the black camps was quite bad enough, for instance; there was no need for either whistling wind or mournful mood music on the soundtrack.

These two points aside, it was a completely absorbing, very moving, and highly effective programme. "Effective" in that its modus operandi was curiously contrived, yet served its purpose well and never become absurd.

Thomas set out to rediscover the whereabouts of a girl called Sandra Laing who was expelled 10 years ago from a white school when she was "re-classified" as "coloured" although both her parents are white.

In brief, Thomas found her, now cut off completely from her parents, living with her black husband and two children in a hut in one of the black "homelands" which looks like a concentration camp and has no school, hospital, or library. She was applying for further re-classification as "black."

In individual human terms it was sad and touching but clearly that was not Thomas's ultimate interest. His purpose was, as the blurb implied, to get inside the Afrikaner mind and convey it to us via the television screen and, by golly, he did just that.

Not with statistics or abstracts or long complicated philosophical explanations, but with a collage of images and briefly stated facts which built up as the search for the girl progressed into a vivid impressionist picture of a social structure. This would not have been easy, of course, without a programme maker who knew exactly the effect he wished to create.

We were shown apartheid sown like seed. We saw one of the hostels for white primary school children where they have seven periods of religious observance or study each day. We heard a little from the patriotic head who expelled Sandra. And then a little from a primary school teacher who could have taught Goebbels a thing or two: gently and patiently she pointed out to her class of little children the physical characteristics of different races and the different jobs which went with them.

The programme worked so well because it set out to convey mood, atmosphere, general impression rather than attempting to communicate catalogues of facts or compare more than the simplest figures or make detailed verbal analyses.

Antony Thomas, who also made *The Good The Bad and The Indifferent* and *The Japanese Experience*, seems to have grasped firmly an idea which perpetually evades many television producers and causes continual trouble between broadcasters and public.

Far too many producers seem to believe that viewers habitually sit in front of television sets concentrating as though at a university lecture on which they are shortly to be examined in detail. Producers pile lists of statistics into voice-over commentaries, and run these over the top of rapidly changing pictures and apparently assume that all this is being taken in.

The Entertainment Guide is on Page 28

Week after week the letters in Radio Times prove otherwise. Readers continually write and complain of bias and misrepresentation, mistakes and omissions, and nine times out of ten the self righteous reply from the producer declares scathingly that "The script made it quite clear . . ." which is, of course, nonsense. The script may not have lacked what the reader says it lacked, yet it certainly did not make itself "quite clear" to him, at any rate, or he would not be writing.

Nor, I suspect, do a lot of programmes make themselves quite clear to a great many people a lot of the time. Even half a dozen television critics who *do* sit and take notes during a programme are quite capable of disagreeing radically immediately afterwards about factual content.

There may be several reasons for this misunderstanding between broadcaster and viewer but the main one is, I believe, very simple: the producers work on a programme for days or weeks or—often—months. They polish every precious word of the scrip (and know it by heart independent of the pictures), arrange every sound effect, know to the last frame the precise content of every sequence. Then they assume the viewer can ingest every detail of all the different constituents simultaneously at a single sitting.

Mention casually to them your surprise that they did not include such-and-such and they explode in indignation insisting that it was all there, and accusing you of deliberately ignoring all the subtle nuances of their work. After all that you dare not explain that you missed that bit because Granny had a coughing fit.

Thomas's films convey their messages at such a density and in such a way that the family life which goes on inexorably at the viewing end does not ruin them. The same cannot be said for all his colleagues.

There are some others who are at any rate clearly aware of the problem, though. LWT's *Weekend World* for example, with its policy of explaining things as it goes along, does at least appear to have the right intentions. Whether it always achieves them is another matter. This week Nelson News essayed an explanation of the forthcoming Brussels defence talks which involved explaining European strategic and tactical defences which entailed an explanation of the neutron bomb which led to a lesson in atomic physics which seemed to depend upon all pairs of German towns being 1½ kilometres apart. But at least *Weekend World* continues to take on the really big topics such as nuclear weapons, and for that it must be commended.

The ever absorbent Ronald Eyre has been asking questions about the biggest of the lot—Why are we here?—in BBC2's *Long Search*. Episodes have varied somewhat between last week's more impressionistic piece on Taiwan, for instance, and this week's on California during which you only had to sneeze to find that Ronald had moved on to a completely new group of loonies. There have been some remarkably opaque bits and pieces in this series, which is now drawing towards its close.

Perhaps the answer (for programmes long in the making anyway) is for them to be test shown to lay sampling panels. I suspect that producers would be horrified at how little of what they had packed in so carefully at their end was actually being absorbed on the receiving end. Antony Thomas excepted, of course

Sandra Laing (centre) and her parents in 'The Search for Sandra Laing'

Westminster Cathedral

Britten's War Requiem

"Cold" is the manner of performance indicated to the orchestra at a point in the score shortly before the end of Benjamin Britten's *War Requiem*. It was almost too literal a direction on Monday, when the two male soloists as well as a few of the orchestral players wore overcoats. Yet the intensity of the performance conquered even the chill, at least for those of the vast audience who were seated sufficiently near the singers and instrumentalists.

The concert was dedicated as a memorial to the composer himself, with proceeds going partly to the Cathedral, partly to the appeal for the Britten-Pears School at Snape.

The participation of Peter Pears honoured the occasion. Such phrases in Wilfred Owen's poems as "Was it for this the clay grew tall?" were delivered with the vibrancy of feeling and the exactness of verbal declamation which has marked his art for more than a quarter of a century. With equal responsiveness John Shirley-Quirk brought the baritone line to its subdued emotional climax ("I am the enemy you killed, my friend") and Felicity Lott lent her firm, radiant tone to the Latin text of the Requiem Mass.

At the first performance, in 1962 in the rebuilt Coventry Cathedral, the composer conducted the chamber orchestra (and the vocal music associated with it), leaving the larger orchestral force to Meredith Davies.

Last night, as in some other recent performances, a single controlling baton sufficed. Sir David Willcocks, experienced and persuasive, drew accurate and warm singing from the Bach Choir, supported by the choir of the junior department of the Royal College of Music. The Royal Philharmonic Orchestra provided strong accompaniment. Some fuzziness in the total effect and a certain lack of contrast in volume were to be debited to the Cathedral itself, with its great space and dangerously long resonance.

It is possible, I think, to consider the *War Requiem* overvalued. Its bold poetical synthesis and its moral message, rather than musical superiority, have perhaps made it so much better known than Britten's other long, composite choral work, the purely secular (and delightful) *Spring Symphony*. But last night the occasion and the music were uniquely and unforgettably matched.

ARTHUR JACOBS

Training musicians

The Report *Training Musicians*, published yesterday by the U.K. and Commonwealth Branch of the Calouste Gulbenkian Foundation, is the work of a committee of inquiry headed by Lord Vaizey. Coming at a time when British musicians are enjoying wide esteem overseas, the proposals imply that at present, the potential sources of supply are not being adequately used.

Among the proposals are: a reduction of the number of students entering music colleges; concentration by the colleges mainly on training intending performers and instrumental teachers rather than intending music class teachers; and the transfer to the public sector of the Royal Academy of Music, Royal College of Music and Trinity College of Music. The low fees paid to part-time teachers in the London colleges should be linked to full time salaries for comparable posts elsewhere. Residential accommodation for music students in London should be trebled.

The committee has found wide disparities between the provision made for school age musicians by LEA's in various parts of the country. The first priority should be the early identification and encouragement of talent, and LEA's should be prepared to support gifted children at specialist music schools. To avoid difficulties caused by the competing claims of preparation for "O" and "A" level exams, double "O" and "A" levels in performance and theory of music should be available options. R.C.

Williamson work withdrawn

Malcolm Williamson, Master of the Queen's Musick, has asked Bernard Haitink and the LPO to withdraw from Thursday's concert his incomplete Symphony No. 4, which was conceived as a homage to Her Majesty the Queen in Jubilee Year, as the work has assumed much greater proportions than originally intended.

Her Majesty, who was to have heard the new work, will nevertheless still attend the concert at the Royal Festival Hall, which will now commence with Elgar's Cockaigne overture.

Wigmore Hall

Peter Knapp

by MAX LOPPERT

Peter Knapp did justice neither to himself nor to one's high expectations of him in Monday's song recital. The young baritone was the winner of the concert singers' competition at the Aldeburgh Schubert-Britten Festival this autumn, selected by an exceptionally disinguished jury. His firmness of voice, intelligence of mind, and distinctness of presence have contributed substantially to the Kent Opera productions in which he has appeared. The recital—one of the Park Lane Group's International Prizewinners series—boasted an apt, appetite-whetting programme of Schubert and Britten. But for the major part of the evening an abiding stiffness of manner, characterised in stance and facial expression, effectively threw a damper on the many virtues of his singing.

These included, in the Schubert selection of the first half, a knowledgeable delivery of German (Mr. Knapp's understanding of the words he was singing was borne out by his translation of several songs on the word-sheet); also a steady, if never very varied or colourful emission of tone, and a top capable of ringing out bravely (although the impact of this was far less stirring than it ought to have been). Powerful, surging songs such as "An Schwager Kronos" or "Der Schiffer" were comfortably encompassed, with no suggestion of strain or of tonal reserves running out. But behind the performances, especially those of the gentler poetic fancies embodied in "An die Nachtigall" or "Bei dir," there seemed to be a constraint on personality, on communication with an audience, and as a result little was permitted to emerge beyond conscientiousness and secure musicianship.

Britten's *Songs and Proverbs of William Blake* rest among the highest achievements of his "last period." Mr. Knapp's sparing employment of tonal shading and verbal pressure had the effect of allowing the bleakly disturbing beauty of the music to emerge of its own accord. But no more than any other songs in a song recital should these have been given from behind a music stand—until the sly lyricism of the piano part began to colour the words (especially under the keen fingers of Roger Vignoles), one feared that the singer was about to embark upon a lecture, if not a sermon. That he has it in him to unbend to an audience was shown in the group of folk-song arrangements that concluded the recital — there was humour in "The Lincolnshire Poacher." But, despite the draughty hall and the small audience, the process ought to have begun much earlier.

Jazz Brunch at the Portman Hotel

The following artists will be appearing at the Portman Hotel's New Orleans Jazz Brunch during the next few weeks: tenor-saxist Bud Freeman and the Lennie Felix trio, December 11; singer Beryl Bryden with the Eric Lister Swintet, December 18; Max Collie's Rhythm Aces, January 1; the Lennie Felix trio with trumpeter Freddy Randall, January 8. Music is from 12.00 until 4 p.m.

Soares issues challenge on confidence vote

BY DIANA SMITH LISBON, Dec. 6.

SR. MARIO SOARES, the Portuguese Prime Minister, to-day challenged his political opponents to face up squarely to the responsibility of bringing down his minority Socialist government, or producing a workable alternative.

Sr. Soares spoke to a packed parliament for 70 minutes. He lashed out at parties to his right, warning of deep divisions in Portugal and defending his Government's principles of tolerance.

After a marathon debate, the 263 MPs will cast their vote late on Wednesday. Unless Sr. Soares' fighting speech changes their minds, the 73 Social Democrats and 41 Christian Democrats, Portugal's second and third largest parties, are expected to vote against him. The 40 Communists will probably give their support, thus saving the government's life.

The Prime Minister promised that if his party survives to-morrow's vote, the Cabinet will be thoroughly restructured, and would include independents.

Apparently trying to assuage widespread fears that Communist support implies Socialist surrender, Sr. Soares insisted that the government would make no concessions to any party in order to stay in power, and had made no secret agreements with anyone.

Negotiations with the IMF, the Prime Minister said, are inevitable. He made a challenge: "If anyone in this Assembly thinks the contrary, let him explain to the country how he would solve the problem of our external payments by bypassing the IMF. Massive sales of our gold would mean our reserves would run out in six months to a year's time."

Turning to what he called "perilous divisions," between classes and regions, the Prime Minister said he had rejected the idea of a three-party coalition Cabinet with Social and Christian Democrats because: "Our party would be dragged to the Right, totally unbalancing Portuguese society, putting democracy at risk, and giving the Communist party a chance to polarise discontent in its favour."

In praise of Portuguese workers (and, implicitly, the Communist party which controls most of labour) Sr. Soares said: "The hard work and social peace labour has contributed in our 16 months of government has been the strongest factor in our recovery. Indeed, management associations — still traumatised by a time which we hope is gone for ever (the revolutionary takeovers of 1974 and 1975) — have not sufficiently recognised this.

"Dialogue between unions and management is the only democratic solution to our present difficulties."

Sr. Soares warned of "extremist mirages," and insisted that pluralist democracy with full respect for sovereign bodies, above all the president, was Portugal's only hope.

Sr. Mario Soares addresses Parliament at the start of yesterday's debate.

The Prime Minister had harsh words for the "hidebound rank and file" of the Social Democrats, and the attitudes of their temporarily-retired president, Sr. Francisco sa Carneiro, who recently called for a change in the constitution, to remove its socialist content. He severely criticised the President of the Republic, General Antonio Ramalho Eanes. Social Democrat MPs immediately lodged a protest against the Prime Minister's statements.

Indian Ocean talks

U.S. and Soviet negotiators began a third round of talks in Berne to-day on ways of demilitarising the Indian Ocean, Reuter reports. The secret talks follow previous sessions in Washington last October and in Moscow in June. Moscow maintains that the U.S. is building up its military presence in the Indian Ocean but Washington says it is seeking agreement to limit naval activity at current levels.

Apel says dollar's fall 'not justified'

By Adrian Dicks

BONN, Dec. 6.

THE WEST German Government reacted to-day's hectic dealings on foreign exchange markets by stating that the current decline of the dollar against the Deutschemark was "not justified by the objective economic facts."

Herr Hans Apel, the Finance Minister, pointed out that the mark has appreciated by almost 20 per cent. against the dollar in two years, a development that he said could not be justified by the differences in price and cost trends in Germany and the U.S.

West Germany regards the current turmoil in the foreign exchange markets as essentially speculative, and "erratic" under the terms of the Rambouillet agreements on the handling of floating exchange rates. Herr Apel said he supported the intervention policy of the Bundesbank, indicating that he still believes this to be confined to the task of smoothing out such erratic movements.

The Bundesbank once again intervened heavily in Frankfurt foreign exchange dealings to-day, changing its tactics to intervening in transactions outside the regular dollar-fixing.

In addition, the German authorities were obliged to support most of the other countries to which the mark is linked through the European currency snake, while heavy interventions to hold the West German currency down were reported from Copenhagen, Brussels and The Hague.

Colin Millham writes: Herr Apel's statement had a temporary calming influence on the foreign exchange market yesterday afternoon. The dollar finished well above its weakest levels of the day in London, but soon came under further pressure in New York.

Before lunch the Deutschemark and Swiss franc rose to record levels against the dollar, even though central banks intervened on a fairly large scale to slow the dollar's fall.

The mark finished at DM 2.170, compared with DM2.187 on Monday, while the Swiss franc touched a high point of Sw.Frs.2.1050, before finishing at Sw.Frs.2.1300, compared with Sw.Frs.2.1225 against the dollar previously.

Hilary Barnes writes from Copenhagen: Denmark will not devalue the kroner unless forced, Economy Minister Per Haekkerup said to-day. As he spoke, the kroner again came under pressure and was officially fixed at its lower intervention rate against the mark.

John Wicks writes from Zurich: Close co-operation between central banks has been called for by Dr. Fritz Leutwiler, president of the Swiss National Bank, as a means to tackle the weakness of the dollar.

NATO MINISTERS WARNED OF SOVIET BUILD-UP

U.S. urges stronger Europe defences

BY REGINALD DALE, EUROPEAN EDITOR BRUSSELS, Dec. 6.

THE U.S. is not happy with Europe's response to President Carter's appeal for a strengthening of Western defences against the continuing Soviet military build-up. The message was conveyed here to-day by Mr. Harold Brown, U.S. Defence Secretary, at the annual Brussels meeting of NATO Defence Ministers.

Washington, together with other Western capitals, is satisfied with short-term measures to improve the alliance's forces in such fields as anti-tank weapons, reserve stocks, and overall "readiness and re-inforcement." But it feels that too few Western governments have translated their longer-term commitments to shore up defences, undertaken at last May's London NATO summit, into practical action.

Alliance sources said that only four countries had to-day spelled out details of how they intend to meet the target of annual 3 per cent. increases in expenditure during 1979 to 1984 adopted by Defence Ministers in June. There were the U.S., Germany, Canada, and Norway.

Britain remains confident that such an increase will be possible in the budget year that starts in 1979, but is not expecting to do more than maintain the current level in the coming year.

The American complaint was delivered after Gen. Zeiner Gundersen, the Norwegian chairman of the Alliance's Military Committee, had pointed out that improvements in weapons systems by NATO members were not keeping pace with the military threat from the Warsaw Pact. NATO had a serious numerical shortfall in ships, the gap in conventional ground and air forces continued to widen and "shortcomings" on the Alliance's northern and southern flanks were of particular concern, he told the Ministers.

General Gundersen told a Press conference that the reduced blast weapon, the so-called "neutron bomb," would be militarily advantageous in countering the threat from Warsaw Pact armoured vehicles. It was clear, however, that while the majority of West European Governments share his view, they are not yet ready to come out openly in favour of the controversial new American weapon.

The suggestion here to-night was that a number of West European Governments would ultimately tell Washington they want some of the Lance missiles they are acquiring from the U.S. to be equipped with "neutron" warheads. But they are reluctant to do so, while the Belgrade Conference on East-West security and co-operation is still under way, for fear of giving a propaganda advantage to the Soviet Union. The Belgrade talks are expected to last at least until February.

In Western Europe, the U.K., Belgium, West Germany, Italy, and the Netherlands are all introducing Lance missiles, which may be equipped with either conventional or nuclear warheads. It is thought here, however, that the decision on the "neutron" warhead hinges on three countries — Britain, Germany and Belgium.

It is stressed that any decision to use the weapon would remain in the hands of politicians: not military commanders in the field, although controversy continues over whether commanders might not be tempted to recommend its use at an earlier stage in a future battle than they would for conventional tactical nuclear weapons.

In any event, it is thought possible that the Europeans may say they will reverse their decision to accept the weapon if the Soviet Union makes concessions in other disarmament fields, such as the East-West force reduction talks in Vienna (MBFR).

Meanwhile, Turkey is expected to make an extremely strong statement during the Ministerial meetings that are continuing here until the end of the week, repeating its claim that it can no longer fulfil its commitments to the Alliance unless it receives new equipment from the U.S. The Turks believe that the Carter Administration will make a major effort to get the new U.S.-Turkish defence co-operation agreement through Congress in the spring, but they intend to step up the pressures here in the coming days.

Other NATO countries are also trying to persuade the Dutch to re-assign a second brigade of up to 5,000 troops to West Germany, taking over barracks hitherto occupied by British soldiers. This, however, will be up to the new Centre-Right Dutch Government, which is expected to take office later this week.

Swiss Chamber votes for UN membership

By John Wicks

ZURICH, Dec. 6.

THE SWISS National Council, one of the country's two Federal Houses of Parliament, has voted in favour of Switzerland joining the UN in the near future. By a majority of 106 to 48, the Council approved a Government report published on the subject in July and called for a further Federal Council recommendation as soon as possible on adherence to the world organisation.

The Foreign Minister, Pierre Graber, told the chamber that the disadvantages of Switzerland's non-membership were becoming increasingly noticeable. Entry to the UN would in no way jeopardise Swiss neutrality and the country would not be forced to take part in military sanctions.

In the July report the Government had claimed that developing nations and, to an increasing extent, industrialised countries, did not understand why Switzerland was active only when its own interests were directly affected or when it had to play its traditional role in connection with humanitarian tasks. Other countries were less and less prepared, the report said, to accept the "special case" of Switzerland and judged Swiss absence from the UN rather as a lack of participation in current world problems.

In spite of the National Council vote, Switzerland is by no means certain to joint the UN in the near future.

Andreotti backers baulk at budget

BY DOMINICK J. COYLE ROME, Dec. 6.

TECHNICAL experts from the ruling Christian Democrat Party (DC) had informal talks here to-day with a team representing the Italian Communist Party (PCI), whose tacit support in Parliament maintains the minority government in office, in an attempt to agree on a revised budget for next year.

The meeting, part of a series which the DC is having this week with representatives of the opposition parties supporting the administration, is to be followed by a collegial meeting and, later, by talks which the Prime Minister, Sig. Giulio Andreotti, has scheduled with top trade union leaders.

It is now evident that original 1978 budget, as presented to Parliament by Sig. Gaetano Stammati, the Treasury Minister, is neither realistic nor acceptable to the political forces backing the Government, and already the small, but influential, Republican Party has announced that it will vote against the Stammati package.

Such a vote would not, by itself, necessarily bring down the 17-month-old government, but it would undermine the so-called "agreement of the six" through which the Communists and four smaller opposition parties have, in effect, pledged to keep the Andreotti administration in office in exchange for broad multilateral agreement on main policy issues.

In that sense, failure by the parties to agree on the 1978 budget could strain the all-party accord, and there are now fears in Rome that this could bring on a new government crisis. The trade unions, having heard from the Prime Minister, are to meet next week to consider the possibility of calling a national strike against the administration's economic policies.

Most Italian schools were closed yesterday as teachers and administrative staff went on a one-day strike to press for educational reform, Reuter reports from Rome. The strike, which involved an estimated 700,000 of the country's 900,000 school staff, was called by Italy's three principal union federations.

It is no longer concealed officially here that any revised budget for next year will exceed the undertakings which Italy gave to the International Monetary Fund (IMF) last April in at least two specific areas, the public sector deficit and domestic credit expansion. The current talks are to determine the precise extent by which both these agreed ceilings will be breached, together with the distribution of projected State-sector spending next year.

A working document prepared by the Government is understood to call for a combination of spending cuts and additional revenues, cutting back the revised projected 1978 public sector deficit by roughly L5,000bn (more than £3bn.) to around L25,000bn. This is still some L10,000bn. more than the ceiling agreed originally with the IMF, and L6,000bn. in excess of the figure of L19,000bn. which, official sources in Rome claim, has been accepted by the Fund in informal negotiations.

The present atmosphere suggesting a pending political crisis — not, incidentally, an unseasonable occurrence in Italy at this time of year — has added a further element of gloom to an already depressed stock exchange; and prices on the Milan Bourse fell yesterday to an all-time low. The lira exchange rate against both the D-mark and the Swiss Franc have also hit a record low as the Italian currency, reflecting official policy, slides in company with the U.S. dollar.

Daily power cuts threat in French pay battle

BY DAVID CURRY PARIS, Dec. 6.

BOTH GOVERNMENT and unions appear to be digging in for a long battle over pay at France's State-owned electricity and gas utility, Electricite de France. The two main unions, the CGT, which is Communist-controlled, and the Left-wing CFDT are making one hour power cuts each day to follow last week's national strike, as well as a series of regional strikes to try to force the management to negotiate over pay.

Last night M. Raymond Barre, the Prime Minister, called a council of war with his Industry Minister and the chairman of EdF at which he issued an uncompromising statement accusing the unions of striking a blow against the country's economic recovery and against employment. He recalled that workers in the industry were protected by a statute guaranteeing their employment and had been awarded pay increases slightly higher than the rise in the cost-of-living for 1977.

The unions have replied with a threat to continue the strikes in one form or other, unless talks on pay resume by Thursday, including discussion of their demand for a Frs.200 (£22) per man bonus.

Employers have already described the action as "deliberate sabotage of the economy," and in the south-west company chiefs, in some cases with their workers, have demonstrated outside electricity offices against the cuts.

While talks began to try to avert the threatened four-day rail strike by some 30,000 railwaymen beginning on Thursday to protest against plans to extend single-manning in engine cabs, the employers' organisation and the leading moderate union, the Force Ouvriere (FO), held their preliminary discussions on the union's claim for a fifth week annual paid holiday.

The Prime Minister has already ruled this out emphatically as self-indulgence in present economic circumstances. But the employers have undertaken to study the matter in depth. Both government and employers are anxious not to alienate the FO, which has been the most co-operative of the unions over the period of the government's austerity programme.

Thatcher lauds Yugoslavs

BELGRADE, Dec. 6.

BRITISH CONSERVATIVE leader Margaret Thatcher to-day praised the Yugoslav Communist system for encouraging worker incentive and attacked nationalised industry in Britain for causing State monopolies.

She was addressing a Press conference at the end of a three-day visit to Yugoslavia. She described President Tito as "a great leader," but declined to discuss details of her talks with him.

Mrs. Thatcher lauded Yugoslavia's unorthodox Communist system of workers' self-management and praised Yugoslav workers who, she said, were aware of competition both within the country and from abroad. They understood that there was "no pot of gold at the end of the rainbow" and that a nation could have only what it produced.

The decentralised Communist system, she said, was an extremely interesting development because it is a combination of what they call community ownership plus competition. Reuter

Human rights move fails at UN

BY OUR OWN CORRESPONDENT UNITED NATIONS, Dec. 6.

A DOZEN years after the proposal was first made, opposition by the Soviet Union and other authoritarian states again killed a Western-initiated resolution to have the General Assembly establish a post of UN High Commissioner for Human Rights.

In a procedural manoeuvre engineered last night by Cuba, the social committee agreed to refer the matter back to the UN Commission on Human Rights. This Geneva-based body includes among its members such countries as Uganda and other states that have repeatedly opposed the creation of a rights commissioner. But Western diplomats said to-day they were not discouraged by the committee vote and would revive their proposal with greater determination next year.

British officials said the vote (62 to 49 with 21 abstentions) not to act on the Western proposal this year was "not a disgraceful result."

The doyen of the UN diplomatic corps, Mr. Jamil Baroody, of Saudi Arabia, probably spoke no less than the truth when he told the committee that half the membership would refuse to deal with the commisisoner if he were appointed.

Austrian trade deficit up

Austria's trade deficit rose to 6.69bn. Schillings in October compared with 5.33bn. in September and 4.35bn. in October last year, the Statistics Office in Vienna said, Reuter reports.

Imports increased to 20.56bn. Schillings from 20.27bn. in September and 18.21bn. in October 1976, with exports at 13.87bn. Schillings against 14.95bn. and 13.86bn. respectively.

Belgian unemployment

BELGIAN unemployment rose to 292,744 or 7.3 per cent. of the working population at the end of November from 272,622 or 6.8 per cent. at the end of October, the National Employment Office said, Reuter reports. An office spokesman said the November figures set a record. The sharp rise between October and November was caused mainly by young people coming onto the registers for the first time.

Contracts renewed

A QUARTER of Italy's work force of 20m. are to renew their labour contracts next year, according to a survey by the Government news agency, ANSA. Of the total involved, 3.3m. are in industry, including 1.82m. metalworkers and 1m. in the building trades, AP-DJ reports.

Pakistanis expelled

WEST BERLIN authorities yesterday expelled 124 Pakistanis who had illegally entered the Western half of the city, UPI reports. A City Government spokesman said the Pakistanis were flying back to Karachi because they had not been politically persecuted before coming through the wall from East Berlin. He added that there were from 2,500 to 3,000 Pakistanis seeking asylum in West Berlin at the beginning of the month.

Spies jailed

A 47-year-old former West German army officer and his two accomplices were jailed yesterday for spying for East Germany, Reuter writes from Munich.

Swedish birth rate

Sweden's birth rate has reached its lowest level since population record keeping began in 1749, a report from the Central Bureau of Statistics said yesterday, reports UPI. The number of births recorded in the first nine months of this year was 74,300, 2 per cent. less than for the same period last year.

SPANISH SEPARATISM

Madrid considers further autonomy

By Robert Graham in Madrid

THE SOUTHERN town of Malaga was yesterday paralysed by a 24-hour protest strike held to commemorate the death of a 18-year-old youth shot dead by police during riots on Sunday. The riots had been provoked by the refusal of the town's civilian governor to fly the Andalusian flag when thousands had gathered to demonstrate in Malaga—as throughout Andalusia's main towns—an officially sponsored "day of Andalusia."

Reports reaching here from Malaga speak of extensive damage to two banks in the centre of town, several hundred cars destroyed in the main streets and many shops with windows broken as the riots continued sporadically yesterday. Riot police are still patrolling the streets.

The central government has adopted a sympathetic attitude towards regional autonomy. It was a principal issue in the general elections and the Government of Sr. Adolfo Suarez has given it top priority. The day of Andalusia, coupled with a day of Galicia, were part of officially sponsored efforts to give the two regions a foretaste of the autonomy which is now being considered for them in Madrid.

Parade

That the civil governor's action in Malaga was ill-conceived is underlined by the large peaceful demonstrations elsewhere (there were over 300,000 parading in Seville) but more pertinently by his resignation. However, the incident shows how easily regional passions can be inflamed. This is especially the case when demands for autonomy can be tied into grievances over unemployment and economic neglect. For instance, in Galicia some 1,000 farmers using the national day celebrations as an cuse locked themselves into a cathedral to protest against social security payment costs.

The Malaga riots are also a reminder that regional autonomy claims are not something limited to the Basques and Catalans. The Government has been obliged to concede the principle to the Andalusians who can trace attempts to establish autonomy back to 1835. In Galicia autonomy was seriously mooted in the 1860s and later a statute conceding autonomy was even before Parliament when the Republican Government was overthrown. Because these two regions hold less economic weight and because their demands have not been vocal they have been given less attention until now.

Since the June elections, Government policy has been to act rather like a fly fisherman that has hooked a fish. The reel is being allowed to run and the fish to play. The Government is bending over towards the regionalists. It has conceded amnesty to members of ETA imprisoned for acts of armed violence in pursuance of Basque independence. It has already allowed the Basque flag to be flown on specific occasions. The new constitution, such as it has been leaked, pays full deference to regional sensibilities. The right to fly separate flags alongside the national flag is conceded and the text speaks of regional languages adding to the nation's cultural wealth.

Formation

More concretely the government has allowed the ageing former head of the Catalonian government in exile Senor Tarradellas to return to Barcelona and preside over the re-establishment of the Generalitat—the historic governing body of Catalonia. He yesterday announced the formation of a twelve-man government. This has a pronounced Leftist leaning, reflecting the Catalonian vote in the general elections but not that of the composition of the government in Madrid. Senor Tarradellas has given no indication yet of how far the government views that he should press for autonomy. Autonomy is not separatism he has said, however. One small example has been his recent re-writing of the statutes of a local savings bank to ensure that its deposits are used for investment in Catalonia.

Of course, none of this touches on whether the government will allow decisions on more sensitive or "federal" matters, like fiscal policy, control of local security forces and the running of utilities.

Another problem which will have to be tackled, particularly in the Basque region, is that of whether the inhabitants of individual provinces wish to be autonomous—or autonomous in the form proposed. A poll published to-day on the Basque province of Navarre reveals just how delicate this issue could be. The poll, commissioned by the El Pais newspaper, shows 57 per cent. of the inhabitants of Navarre wish to have no part in an independent Basque region. Navarre, with its capital of Pamplona, is regarded as generally conservative and deeply Catholic. Nevertheless, it occupies a central position in the Basque region's proposed area of autonomy.

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INVESTMENT

Record new capital spending in third quarter recorded

BY STEWART FLEMING

NEW YORK, Dec. 6.

RECORD allocations of new capital for investment were recorded in the third quarter by the top 1,000 U.S. manufacturing companies, according to a survey by the Conference Board, a leading business research organisation.

But the Board emphasised that its findings did not conflict with other surveys of capital spending which suggest that while investment is increasing there is no evidence of a surge which would give the economy a new boost.

The Board pointed out that the rise in capital appropriations to a record $17.7bn. in the third quarter reflected in part inflation and cost increases in new equipment and a 73 per cent. rise in spending plans by the petrochemical industry. Excluding the petroleum industry the increase over the second quarter was only 2.5 per cent.

The previous record in capital appropriations was $16.4bn. recorded in the third quarter of 1974.

The Conference Board said that the findings suggest that capital spending will mean sustained increases in 1978 but not exceptional growth. Other surveys have suggested that 1978 capital spending could rise in real terms next year at 6 per cent. or 7 per cent., roughly in line with growth expected in 1977.

British companies lead the field

BY DAVID BELL

WASHINGTON, Dec. 6.

BRITAIN made the largest number of separate investments in American industry last year as Europe, Japan and Canada continued to be the largest investors in the U.S. economy according to a new study released here by the Commerce Department.

British companies made 36 individual investments followed by Japan with 28 and West Germany with 26. By contrast, Saudi made only three investments although Iran made the largest single purchase when the Bank Omran paid $250m. for a building complex in New Orleans. Indirect investment by members of OPEC, which is not covered in this survey, is now extremely heavy and runs into many billions of dollars.

Largest

Although British companies were the most active the largest amount of money was spent by Switzerland which last year invested $250m. In the following year West Germany, Iran and Belgium followed. The commerce department estimated that last year companies spent a total of $2.1bn. in investments that could be valued and of that figure investment by members of OPEC amounted to only $309m.

The Department's survey is a mine of interesting information and shows that direct investment was heaviest in manufacturing. The principle manufacturing sectors of interest to overseas investors were chemicals and allied products, primary and fabricated metals and machinery. Finance, insurance and real estate were the next most popular sectors for foreign investment.

Most of the new investments involved either the acquisition of an existing company or the enlargement of an existing stake in a company. Somewhat surprisingly, given all the emphasis on the new sunbelt states in the south and west, half of the investment was concentrated in only five states: California, New York, Texas, Illinois and Pennsylvania.

Commerce Department officials claim that this survey is the most comprehensive so far undertaken by its Office of Foreign Investment which was set up in 1974 to monitor direct investment in the U.S. following concern in Congress and elsewhere about the extent of such investment following the rise in oil prices.

In fact, OPEC countries have so far made very few direct investments in the U.S. although, of course, they continue to hold considerable amounts of money on deposit with U.S. banks and to have large holdings of short and medium term financial assets. Last year 77 per cent. of investment in the U.S. came from Japan, Europe and Canada and without the Iranian investment in New Orleans the OPEC share of foreign investment would be very small.

Officials are predicting that this year foreign investment in the U.S. will comfortably surpass last year's figures. In the first nine months of 1977 some $2.1bn. of foreign investment has already been recorded about the same as the 1976 figure.

It is possible, however, that the 1976 figures understate the amount of real estate investment by foreigners in the U.S. The Office of Foreign Investment has tightened its reporting requirements for mergers, acquisitions and increase in equity stakes but there are very few federal regulations that require reporting of foreign land purchases. As a result there is some speculation that foreign land holdings may be substantial and there is a suspicion that investors from OPEC nations may have channelled quite large amounts of money into this sector.

Cuba rejects the idea of Angola troop withdrawal

HAVANA, Dec. 6.

PRESIDENT Fidel Castro said to-day Cuba would not withdraw its military advisers from Angola just in order to improve relations with the U.S.

But he did tell visiting U.S. journalists that relations between Havana and Washington were better than ever they had been in the 18 years of his rule and that they should continue to improve.

The Cuban leader was speaking after 3½ hours of talks with two U.S. congressmen who conveyed President Carter's warning that there could be no renewal of normal trade and diplomatic relations until Cuba discussed the withdrawal of 19,000 military advisers reported in Angola. Cuba maintains thousands of troops in Angola and continues to provide technical and medical aid.

Congressmen Fred Richmond and Richard Nolan returned to the U.S. immediately after the meeting.

Dr. Castro said that President Carter should not magnify the problem. "It has nothing to do with the relations between the U.S. and Cuba. It has nothing to do with Carter. It has something to do with commitments we have had to other countries for many years."

During his wide-ranging conversation with the reporters in his office, President Castro expressed admiration for Mr. Carter.

He said he was sure Mr. Carter would not authorise CIA support for what he called terrorist activities against Cuba such as assassination and subversion attempts alleged to have taken place in the past.

Dr. Castro said he would "have no objection" to a meeting with President Carter but felt the time was not ripe.

"I believe Carter should be free to consider a date when that is useful," he said. "Maybe in the second Carter term," he added with a smile.

He said there had been remarkable progress in bilateral relations. "The climate is different. In the last few months I've met more Americans than in 18 years."

Reuter.

Argentina-Chile tension

BUENOS AIRES, Dec. 6.

THERE WERE increased signs of an Argentine troop mobilisation on the border with Chile to-day as talks between the two military Governments over a territorial dispute in the southern Beagle Channel, north of Cape Horn, progressed.

In Uspallata, a border town near a strategic pass through the Andean mountain range, a call-up of soldiers no longer on active service was broadcast on local radio networks.

Earlier General Jose Luis Sexton, commander of the Sixth Mountain Brigade based in another border locality, Junin de Los Andes, had denied that a build-up of troops and supplies was related to tension with Chile.

Attention in Buenos Aires and Santiago de Chile, has been centred on the current talks between the Argentine military Government's envoy, Rear Admiral Julio Torti, and Chilean ruler General Augsto Pinochet.

Sr. Torti is reported to have expressed Argentine reservations over the arbitration decision by Britain last May, which gave Chile jurisdiction over the Picton, Lennox, and Nueva islands in the Beagle Channel.

Both Governments have until February 1 next year to formally indicate their acceptance or rejection of the decision which Britain had entrusted to the International Court at The Hague. The Argentine reservations are due to the fact that the decision gives Chile effective access to the South Atlantic, an area seen by the Argentine Navy as its exclusive preserve.

According to informed sources, Argentina is asking Chile to accept its control over the South Atlantic and give assurances that it has no expansionist aims in the area as a precondition for Argentine acceptance of the arbitration decision.

Many U.S. mines stop production

By Stewart Fleming

New York, Dec. 6.

MINES accounting for about half U.S. coal output ceased production to-day as the three year work contract of the United Mines Workers of America expired.

About 130,000 miners have walked out of the pits as UMW leaders and the Bituminous Coal Operators Association which represents management indicated that no progress had been made towards resolving their dispute over a new three year contract.

Union leaders have indicated that they are anticipating a long strike, perhaps lasting three months. Government analysts have estimated that it would take a strike lasting six months to have a serious impact on the economy since stocks at electricity generating plants and in the steel industry are high.

CUBA PLANT PROTEST

By Robert Gibbens

MONTREAL, Nov. 28.

A MONTREAL engineering group's bid to build a stainless steel plant in Cuba is meeting opposition from the U.K.-controlled Rio Algom, which through its Atlas Steels division operates a similar stainless steel plant at Tracy.

SNC, the consultant and engineer, in its feasibility report to the Cuban Government, figured that $180m. of equipment orders would be supplied by Canadian producers.

Some signs of compromise over Carter energy Bill

BY JUREK MARTIN

WASHINGTON, Dec. 5.

THE prospects for President Carter's energy proposals being passed into law in a form acceptable to the Administration appeared a little brighter to-day as the deadlocked factions making up the joint Congressional Conference Committee showed signs of compromise.

However, it remained doubtful whether a final bill would secure congressional approval by Christmas—or even whether the committee itself could put together an amended package much before then.

The movement that appears to have taken place in a non-stop series of private meetings over the last few days has occurred in the two most intractable areas —continued regulation of natural gas prices and the disposition of the proceeds from the proposed well head tax on crude oil.

On natural gas, the conferees are said to be inching towards acceptance of President Carter's insistence that the price of newly discovered natural gas remain subject to federal control at about $1.75 per thousand cubic feet, or perhaps slightly higher. However, an escalator clause is likely to be included, permitting this to rise over the next few years.

There seems also a reasonable chance that the conferees will agree to the extension of federal controls to intra-state gas. But such controls may be limited to pricing only and not cover distribution or allocation of supplies.

The Senate members of the Conference Committee are evenly split, nine on each side, on the issue of continued regulation of the natural gas sector. In addition they are in profound disagreement over what should constitute "newly discovered" gas.

On the oil front, there were signs of some flexibility in the pro-industry position adopted by the influential Senator Russell Long, who wants at least some of the proceeds of such a levy (which would bring American oil prices up to world levels over a period of time) ploughed back to the oil industry so as to encourage additional exploration.

Senator Long, a master at the sort of complex infighting which now dominates the Conference Committee deliberations, has been pushing for the creation of a trust fund, to be financed by diverting perhaps 25 per cent. of the proceeds of the well head tax, and to be made available to industry for exploration purposes.

Chrysler to close car plants

BY JOHN WYLES

NEW YORK, Dec. 6.

CHRYSLER Corporation is to close three of its six U.S. car assembly plants for a week later this month following a slump in the company's market share in November to its lowest level since June 1963.

Sharp competition from the other two big Detroit manufacturers, General Motors and Ford, coupled with strong import sales, is putting increasing pressure on Chrysler which is expected to be further reflected in its December sales figures.

Chrysler's 11.8 per cent. share of the U.S. market, excluding imports, was a 14-year low which compares with a 14 per cent. share in November 1976. The company is now pinning its hopes of recovery on two small front wheel drive cars, the Omni and the Horizon, which are to be introduced in January. In the meantime increasing stocks of four of its medium and large-sized cars have prompted the decision to shut down three assembly lines for a week later this month, the second production halt since the new model year got under way at the beginning of October.

Chrysler is being handicapped by a thinner sales mix than either General Motors or Ford, fewer new designs at the start of the 1978 model year and narrower profit margins.

Shipowners confused over closure of St. Lawrence Seaway

BY VICTOR MACKIE

OTTAWA, Dec. 6.

THE CLOSING of the St. Lawrence Seaway to all inbound ships more than two weeks before the system is expected to freeze has left shippers confused.

The joint U.S.-Canadian seaway authority has closed the channels to up-bound traffic to allow as many ships as possible to escape from Canada's inland waterways before winter sets in.

Mr. Paul Normandeau, president of the St. Lawrence Seaway Authority, said to-day that it was absolutely necessary to stop ships entering the seaway headed for the great lakes because there are so many now in the seaway it may not be possible to get them all out before the freeze-up.

However, Mr. Joe Carton, president of March Shipping, said: "I can't remember a thing like this ever happening before. It raises some pretty serious questions."

In the case of a fast freeze-up, Mr. Carton said, the ship owners can invoke a "force majeur" clause in the bills of lading. This means they cannot be sued by the shippers for not being able to deliver the goods.

W. Pembina oil claim

BY OUR OWN CORRESPONDENT

MONTREAL, Dec. 5.

The first legal clash arising from the recent West Pembina oil and gas exploration rush may occur shortly. Chevron Standard, a subsidiary of Standard Oil of California, alleged that Home Oil, a subsidiary of the Toronto gas distributor, Consumers Gas, improperly used confidential drilling information developed by Chevron in the West Pembina area. Chevron says it will file a suit in the Alberta supreme court later to-day and will seek to recover all land acquired by Home through the alleged use of information. Chevron alleges the information was leaked by a former employee who went to work for Home.

Chevron is thought to be involved in a rumoured West Pembina oil strike. Home Oil denies the charges and says it will explore in the area. The company revealed it was the buyer of nearly 9,000 acres of permits for $18.2m., a record, at the November 29 Alberta government land sales, plus another parcel of $3m. nearby. This acreage is near Home's two completed wells in West Pembina.

OVERSEAS NEWS

Zambia withdraws from Anglo-American initiative

BY MICHAEL HOLMAN LUSAKA, Dec. 6.

AN ANGRY and anguished President Kaunda, announcing that Zambia would no longer participate in the Anglo-American settlement plan for Rhodesia, to-day condemned the reaction of the British Foreign Secretary, Dr. David Owen, to the recent Rhodesian raid on Chimoio, Mozambique.

Dr. Kaunda, speaking at a State House Press conference, was clearly deeply upset by Dr. Owen's comments on the raid, made in a BBC interview last week.

Dr. Owen was asked about the effect of the Rhodesian attack in which Salisbury claimed that more than 1,200 guerillas were killed. Mozambique maintains that there were fewer than 100 deaths — mostly of women and children. He described the attack as "savage and brutal" and said it could damage the Rhodesian Prime Minister's chances of an internal settlement.

But it was his subsequent remarks to which President Kaunda has taken strong exception. Dr. Owen went on: "It might also show the Patriotic Front, and this may have some advantages in getting overall compromise, that the Rhodesian defence force is simply not on its back."

An outraged Dr. Kaunda asked the packed conference: "How does a man like Dr. Owen say what he said a few days ago? He condemns the brutal murders, but says it also shows that Mr. Smith is too powerful."

After a lengthy pause, during which he wept silently, Dr. Kaunda declared: "I'll never be a racist . . . but which black man is going to listen to such words and keep quiet. White men rejoice in Bulawayo and Salisbury at the murder of innocent women and children. Civilised people say yes, that is required to show that Mr. Smith is too strong."

"After what Dr. Owen has said, my only reading of the situation now leads me to conclude that the Anglo-American initiative came when the black man was beginning to succeed in conquering the white man and he (the white man) had to be protected."

Referring to a £3.5m. grant from Britain to Zambia, announced yesterday, Dr. Kaunda added: "If Dr. Owen wants to withdraw the grant, I say withdraw it."

Dr. Kaunda said he had written to President Carter and Mr. Callaghan announcing the withdrawal of Zambian participation in the Anglo-American settlement effort. He said Zambia will place no obstacles in the way of further efforts but the Government will not take part in any subsequent discussions. And if, as the President fears, "the thing explodes in their hands, we will not participate in salvaging the situation."

This stand may create difficulties in Zambia's relations with the other fellow front-line states. Tanzania's President Nyerere has indicated that he supports the key item in the Anglo-American plan which Dr. Kaunda rejects: that elections should take place within six months and precede independence.

This is also the view of Robert Mugabe, co-leader of the Patriotic Front. But both Dr. Kaunda and Joshua Nkomo argue that in the interests of stability, elections should be postponed and power handed over to the Front.

Dr. Kaunda also disclosed that a unit of the Rhodesian Army, possibly the Selous Scouts, attacked a ZAPU camp inside Zambia "a few weeks ago," killing 13 guerillas. He also claimed that South Africa has reversed its policy of military and political disengagement from Rhodesia: "We now believe South African soldiers are on Zambia's borders with the rebel colony."

Meanwhile, Mr. George Nyandoro, Secretary for External Affairs in the United African National Council led by Bishop Abel Muzorewa, has said that immigration officials have told him to leave Zambia within seven days. He has been in Zambia since 1964 and is expected to return to Salisbury to take part in this week's "internal settlement" talks.

● Mr. Joshua Nkomo, joint leader of the Patriotic Front, has accepted Dr. Owen's invitation to talks in London, possibly next week. However, Mr. Robert Mugabe, Mr. Nkomo's co-leader, said in a BBC interview from Maputo yesterday that he saw "no purpose" in such talks at this time and criticised Dr. Owen for simultaneously supporting talks aimed at both an internal and an external settlement in Rhodesia.

● A growing pile of Zambian cargo at the Tanzanian port of Dar es Salaam is worrying Zambian importers. Between 80,000 and 100,000 tonnes of wheat, fertiliser and coke are awaiting transportation on the Tazara rail link between the two countries. Cargo agents here blame a shortage of wagons and a slow turn-round of wagons in Zambia.

Australian PM 'lied throughout campaign'

By Kenneth Randall

CANBERRA, Dec. 6.

THE NATIONAL President of the Australian Labour Party, Mr. Bob Hawke, to-night accused the Prime Minister, Mr. Malcolm Fraser, of having lied throughout his campaign for the general elections next Saturday—specifically about inflation, unemployment and welfare payments under the present Government, compared with the previous Labour government.

Mr. Hawke made the charges in a radio debate with the Liberal Party Premier of Western Australia, Sir Charles Court. "If the potential leader of this country lies then the alternatives have to expose him as a liar," Mr. Hawke said.

Similar but more diplomatically phrased challenges from Mr. Hawke have gone unanswered by the Prime Minister in the past week. The latest clash illustrates, however, the growing bitterness of the election campaign.

This morning, prominent newspaper advertisements appeared, also attacking Liberal Party campaign claims. The advertisements, sponsored by a group calling itself "Lawyers for Truth in Advertising" and claiming to be non-party, said that the Liberal Party advertising "should land their authors in court" for misleading conduct under the Trade Practices Act.

Mr. Fraser and the opposition leader, Mr. Gough Whitlam, are concentrating their final campaigning in Sydney and Melbourne, both emphasising unemployment as the critical issue of the elections.

A few chips off the old block, Page 18

Sabotage suspected at N-plant

By Our Own Correspondent

NEW DELHI, Dec. 6.

INDIA'S nuclear power programme, already hit by difficulties in obtaining enriched uranium from Canada and the U.S., has been set back by at least another year because of the damage to the heavy water plant being built at Baroda in Gujarat State. The Government believes the week-end explosion was an act of sabotage.

A series of similar incidents in recent weeks have aroused Government fears that a determined and organised attempt is being made to create chaos. Sabotage has caused train derailments, shutdown of power plants and blowing up of key installations.

The Home Minister is now inquiring into the possibility of terrorists being behind the sabotage. The prime suspect is the Anand Marg, a supposedly religious organisation banned by Mrs. Indira Gandhi during her emergency rule. It is again a legal body whose members are demanding the release of their leader, P. R. Sarkar, now serving a life sentence.

Gandhi's party coup

BY K. K. SHARMA NEW DELHI, Dec. 6.

SHOWING SOMETHING of her former skill at political manoeuvre, Mrs. Indira Gandhi has won a stranglehold on the opposition Congress Party's executive and forced her opponents to seek her in a move by which she has successfully made the party accept her problems as their own.

She did this by persuading the Congress executive last night to issue a directive to all members of the party not to appear as witnesses before a judicial commission inquiring into "excesses" during her emergency rule.

The commission, headed by Mr. Justice J. C. Shah, has invited Mrs. Gandhi, her former Ministers and officials to "assist" in its inquiry. So far, no legal summonses have been issued.

Mrs. Gandhi has refused to take part on the ground that the commission was using illegal procedures, but her Ministers agreed to give evidence to the commission which is currently examining whether the declaration of the emergency itself was an "excess." Such evidence would have gravely damaged Mrs. Gandhi and added to her growing problems.

Having won a major victory, Mrs. Gandhi indicated her willingness to drop the move to break up the party into regional groupings. Means of settling differences in southern states like Karnataka and Andhra, where the movement appeared to be root are worked out. Thus, for the present at least, she is once again firmly in control of the disunited Congress, the strains within which have been successfully hidden.

Among those who had agreed to give evidence was Mr. Brahmanand Reddy, who was Mrs. Gandhi's Home Minister, but is now her staunch opponent. Mr. Reddy has now written to the Commission that he will not be able to appear unless a formal summons is issued. All other Congress members, except those willing to defy the party directive, will do the same.

The executive took this decision when Mrs. Gandhi's supporters argued that the Commission's hearings on issues during the emergency were a direct attack on the party, the reputation of which was being damaged by evidence of former Ministers. With the approach of State elections, the party's chances would be affected.

Israel eases rules on detainees

By David Lennon

TEL AVIV, Dec. 6.

ISRAEL is to permit representatives of the International Committee of the Red Cross (ICRC) to visit security prisoners from the occupied Arab territories no later than 14 days after their detention, it was announced to-day. Previously, Israel would only allow the ICRC delegate to visit security detainees 30 days after their arrest.

The decision comes in the wake of widespread criticism abroad—in particular the U.S. Administration's concern for human rights—about the detention and alleged torture of residents of the West Bank and Gaza Strip. In addition, a high level ICRC delegation recently visited Israel and raised the question of access to prisoners detained for interrogation.

The Israeli army spokesman said to-day that the military administration would, in future, notify the ICRC within 14 days of the arrest of security prisoners, and it would be entitled to visit the prisoners without witnesses to ascertain their state of health. The ICRC delegate would also be permitted to request that a prisoner be examined without witnesses by a doctor appointed by the ICRC.

● The U.S. and Israel to-day signed aid agreements providing Israel with $758m. next year to finance purchases of U.S. industrial and agricultural products, Reuter reports from Washington.

The Agency for International Development said the agreements provide $485m. in commodity import loans and grants, and $300m. in cash to help the Israeli economy.

Johannesburg bomb blast

JOHANNESBURG, Dec. 6.

THE SECOND bomb blast in two weeks in the Johannesburg area to-day blew a hole in a police station wall but only one person was injured, police said.

The bomb went off at 6.30 a.m. on the pavement outside the main police station in Germiston, a heavy industrial centre east of Johannesburg, and was heard up to three miles away. Several buildings were damaged but the only casualty was a passing motorist who suffered facial cuts. The area was cordoned off and explosive experts searched for clues to the type of bomb used.

The device, apparently left in a blue shopping bag in a lane running beside Germiston police station, blew a hole through a storeroom and shattered its windows, scattering debris over a wide area.

Two cars belonging to policemen were wrecked, their roofs and doors blown off. Slight damage was also caused to a post office next door and the windows of police married quarters were shattered.

Agencies

Stalemate in Harar battle

A STALEMATE is still reported in the fighting for the Ethiopian fortress city of Harar. Secessionist Afar guerillas in Eastern Ethiopia have cut one of Ethiopia's key arteries to the sea, the road between Addis Ababa and the port of Assab on the Red Sea, John Worrall writes from Nairobi.

How serious the threat to one of Ethiopia's main supply routes is not known, but Mogadishu radio is reporting that Ethiopian Army posts guarding the road at Harawa and Birie came under fierce guerilla attack by the Afar Liberation Front. Ethiopians are reported to have lost large quantities of arms and ammunition.

THE YEMEN ARAB REPUBLIC'S FIVE-YEAR PLAN

Harnessing the potential

BY JAMES BUXTON, RECENTLY IN SANAA

THE FUTURE came to North Yemen this month in the shape of more than 150 experts, mostly economists of one kind and another. They flew to the capital, Sanaa, from the Arab world, Europe and America, and sat down in a conference hall to grapple with the finer points of the country's complex and ambitious 1,300-page development plan.

Outside the imported island of modernity, life bustled on, unaffected. In the souks of the old city, where the four square *stone houses rise eight or nine* storeys, about the only productive activities were the making of brass coffee pots and the fashioning of bone handles for the daggers which Yemenis carry. As the afternoons wore on, most of the men settled into a contented reverie chewing the mildly narcotic qat leaf. Two completely different worlds existed side by side, but the planners want them to move at least some way towards each other during the next five years.

The Yemen Arab Republic, in the south-west corner of the Arabian peninsula, is one of the poorest countries in the world by *the usual 20th century criteria.* Its 5.5m. people have only the barest network of roads, almost no sanitation, an education system that is only beginning to develop, and only one hospital that begins to attain western standards of hygiene. Disease is rife. Perhaps half the children die by the age of five, and only 25 per cent. of the boys (and 5 per cent. of the girls) go to school.

The YAR is not without resources. No oil and few minerals have been found, but there is good rainfall and substantial agriculture, though it is largely of a subsistence kind, and, by Arabian standards, a large population. At least 500,000 of the country's labour force works in the rich oil-bearing neighbour countries (mainly Saudi Arabia), and their remittances which are thought to have amounted last year to more than $1bn. are fuelling a consumer boom.

The people have cash but the Government is poor, unable to tap much of the country's wealth by taxation. It spent only Yemeni riyals 1.2bn. ($280m.) last year. So three-quarters of the funds needed to develop the country must come from external aid and investment, and from internal private financing. It was partly to marshal these funds that the Government last week held the development conference (at a cost of YR2m.), and unveiled its five-year plan for spending YR16.5bn. ($3.6bn).

The purpose of the plan, which foresees a growth rate of 8.2 per cent. a year, is to work towards a self-sufficient economy based on both agriculture and industry, though the bulk of the spending under the first plan will have to go on creating the initial infrastructure. Transport and communications are to get 31 per cent. of expenditure, services 12 per cent., while industry should get 22 per cent. and agriculture *14 per cent. (a low* allocation which was criticised at the conference).

> North Yemen aims for self-sufficiency, though the bulk of its present spending goes on creating an infrastructure.

The plan envisages reversing economic trends which have been gaining momentum for several years. Food production has fallen as workers have left the land and more acreage has *been given to* the lucrative oat. Food imports have grown steadily. North Yemen's total exports, never very big, have declined from YR55.3m. in 1973/74 to YR50.5m. in 1976/77. The main exports are cotton, hides and skins, coffee and biscuits. Imports, on the other hand, have shot up from YR744.9m. in 1973/ YR3.03bn. in 1976/77.

Even so the plan does not at first sight look too ambitious. Planned investment works out at only about $150 per head per year, and individual targets do not look grossly unrealistic. The 40 per cent. of financing which is to come from outside sources looks fairly certain: North Yemen qualifies for Arab aid, as well as for assistance from EEC countries, the U.S., China, the East bloc, and of course UN agencies.

But the consensus of the four day conference was that the plan envisaged much more than could be achieved. Indeed the Prime Minister, Mr. Abdul Aziz Abdul-Ghani, admitted that it fell "midway between realism and ambition." The real problem, as one visiting Arab minister put it privately, is that "North Yemen is starting not from scratch, but from below zero." Annual development expenditure under the plan is expected to be four times the actual development spending of the last year before the plan period, so there is little to build on.

Lack of skilled manpower afflicts not merely the government, but the whole economy. It is a legacy of the almost total ban on modern education before the death of the Imam Ahmed in 1962 and the succeeding seven years of civil war.

The Red Sea port of Hodeida must be one of the worst congested in the world. That will certainly be another major constraint on development. Many ships wait for up to 100 days for one of only three berths, and although a new floating dock and other devices will help unloading, there appears to be no chance of greatly speeding up throughput unless the port obtains new management and establishes a better clearing system.

The Government must encourage saving, both by promoting the banking system and by issuing bonds (as it plans to do), if it is to reduce inflation and channel private finance into investment. The plan envisages many projects—including some of only long term profitability—being financed largely by private capital, with a small amount of Government participation.

Many people who came to the conference—whose smooth organisation was a good example of what North Yemen can do if it wants to—preferred not to take the plan at face value. To them it seemed less important whether the macro economic calculations were correct, than that a major development study had been made, that most problems had been analysed, and some projects identified. A serious question in their minds was whether North Yemen can be sure of political stability in the wake of the assassination two months ago of the former Head of State, Col. Ibrahim al Hamdi.

WORLD TRADE NEWS

Dutch Government moves to aid export companies

BY MICHAEL VAN OS AMSTERDAM, Dec. 6.

HOLLAND'S SERIOUS concern at its sagging competitiveness in foreign markets is reflected in a new move by the government to support exporters.

The Economics Ministry in The Hague has said that in the selective grant of subordinated loans to companies, the priority will from next year be on reinforcing the capital base of those which "contribute significantly to Dutch exports or which could do so." So far, such loans were only granted to assist domestically oriented companies.

The system of subordinated loans (maximum Fl.25m. or about £5.75m. per loan) was introduced in Holland in 1975 and in principle healthy companies with continuing profit prospects can qualify. Aim of the loans is to contribute towards reinforcing the financial structure of the companies where expansion of their own equity through profit retention or by attracting risk capital is difficult or impossible for the time being.

The Ministry noted that setting up or expanding export activities was making heavy demands on the financial means of the companies involved, and they would find it difficult to secure the necessary funds any other way. Companies requesting such loans, which form part of the company equity, are first subjected to a thorough feasibility assessment by the National Investment Bank.

The Ministry announced in September that it would support financially from next year combined export initiatives by companies operating in the same general area of activity as well as such combined initiatives by companies operating in a single sector.

The authorities' concern about the export position stems from the dramatic turnround in the Dutch balance of trade this year. In the first nine months there was a deficit of Fl.4.3bn. (about £1bn.), whereas the same nine months of last year had still shown a surplus of Fl.2.5bn. In short, problems confronting exporters are high costs and the relative strength of the guilder (there will still be a substantial balance of payments surplus current account — this year and in 1978 as a result of the huge natural gas sales incomes).

EEC attacked over shipbuilding

BY JONATHAN CARR HAMBURG, Dec. 6.

FACED WITH a further reduction in their world market share, West German shipbuilders to-day strongly criticised the EEC Commission for permitting mounting State aid in the member countries.

The association of the German Shipbuilding Industry (VDS) noted it had warned for many years of the dangers of an international competition in providing State subsidies. But the efforts of the Bonn Government within both the EEC and the OECD to prevent this had proved fruitless.

The EEC Commission had permitted in some cases virtually limitless State aid—such as building cost subsidies and cheap credit. The effect was distortion of the market and a serious squeeze on the German shipbuilders who received comparatively modest assistance from their own government.

Asked specifically about the British Government action to try to ensure that a big Polish shipping contract came to domestic yards, the VDS chairman, Dr. Werner Bartels, said he did not want to criticise specific countries.

But he noted that up to now the British were not reducing shipbuilding capacity to meet changing market conditions, and were thus forced to accept orders at almost any price.

The German shipbuilding industry had reduced its own labour force by about 9,000 to 69,000 over the last two years, and its world market share was now only about 3 per cent. instead of a long term average of between 6 and 8 per cent.

Latest figures show that orders in hand at the start of October were worth DM5.7bn. against DM7.5bn. at the end of last year and DM11.4bn. at the end of 1975.

Incoming orders in the first nine months of this year totalled DM1.3bn. of which 22 per cent. came from abroad. A further reduction in use of capacity is expected in 1978.

Textile talks adjourned

GENEVA, Dec. 6.

DELEGATES from 50 countries to-day adjourned discussions on renewing an international agreement regulating world trade in textiles so that they could have two days of private talks, officials said.

The textile committee of the General Agreement on Tariffs and Trade (GATT) broke off a scheduled session until next Thursday after the chairman, GATT Director-General Olivier Long, said many delegations wanted time for "reflection and consultation."

The four-year textile agreement expires at the end of this month. But its renewal has been held up while the EEC negotiated a series of bilateral pacts with Third World suppliers.

The central objective is to either extend or renew the arrangement with an additional clause inserted permitting importing countries to take protective measures in exceptional cases.

Reuter and AP-DJ

ITT seeks to resolve bid problems on Saudi deal

BY JOHN LLOYD

ITT has said that it "would like to meet at the negotiating table" to sort out any discrepancies in the bidding for the world's largest telecommunications contract, the telephone network extension in Saudi Arabia.

This follows reports that of the three consortia of companies bidding for the contract, ITT's bid has been least responsive to the specifications outlined by the Saudis.

The other two consortia are an Anglo-American team of Western Electric (U.S.), BICC (U.K.), Cable and Wireless (U.K.) and Plessey (U.K.), and one composed of Philips (Holland), Ericsson (Sweden) and Bell (Canada). Sources in Saudia Arabia have suggested that these are the front runners for the contract, on which there will be an announcement from Riyadh on Saturday.

Yesterday, however, ITT said that as far as it was concerned, its bid had been responsive to the Saudi requirements. There had been problems over the last section of the three-part contract, which is concerned with the operation and maintenance of the system.

"If there are problems here, the problems are due to the fact that the specifications were so loosely written that it is not possible to know exactly what is required."

There are wide differences in the bids for part three between the consortia. ITT's bid is £1.114bn. Western's is £666m. and Philips-Ericsson-Bell is £267m.

"It is quite obvious we are bidding for different things. We would like to meet at the negotiating table with the Saudis and the other companies and find out what the problems are."

China takes hard line on prices

BY COLINA MacDOUGALL

HARD bargaining over prices is in store for anyone selling industrial equipment to China, following last week's visit to Britain by Peking's Minister of Foreign Trade, Mr. Li Chiang.

In recent months the Chinese have become increasingly tough over prices and reliable sources *expect this to become more* marked.

An important feature of the Minister's visit was the Chinese tendency to involve the Government in trade talks as if anticipating a time when Government support for cut-price deals by large British enterprises might be necessary.

This was presumably part of the purpose of Mr. Li's discussions with the Prime Minister and other Government leaders, as well as his meeting with Mr. Edmund Dell, Secretary of State for Trade.

Both the West Germans and the Japanese have recently been giving the Chinese bargain-basement prices, with which Britain will have to compete. This may take some of the gloss off what was otherwise a successful visist.

No one expected contracts to be *signed* while the delegation was here, since it was purely exploratory, but the groundwork has been done.

This will be pursued by missions next year from China's State trading corporations, which are expected to follow.

British Steel at Teesside, *whose plant was of particular* interest to the Chinese as it is increasing capacity without halting production, is expecting a technical mission next year.

One obvious gap in the programme was the oil industry, but a mission from Machimpex, the State trading corporation which handles machinery imports, is expected next year and will make a trip to the North Sea.

This is the follow-up to a technical group, that came in *September 1975 and unlike* many Chinese delegations that travel abroad, this one will actually be empowered to buy.

The sales effort in the coming year is now likely to redouble. The Sino-British Trade Council has plans for a series of technical seminars in Peking to cover *aspects of industry in which* Britain is unique to bring Chinese attention to sophisticated equipment that even countries like Japan and the U.S. buy here.

Arabs plan $200m. shipbuilding programme

By Ian Hargreaves, Shipping Correspondent

BAHRAIN, Dec. 6.

A SIGNIFICANT expansion of the Arab oil tanker fleet is expected to be sanctioned in the next few days by the Board of the Kuwait-based Arab Maritime Petroleum Company.

The company, a consortium involving Kuwait, Algeria, Abu Dhabi, Libya, Qatar, Iraq, Saudi Arabia, Bahrain and Egypt, is to set aside U.S.$200m. to extend its fleet of small oil-product carriers in the 25,000 to 30,000 deadweight tonnes range and will probably also order a single, very large crude carrier of between 200,000 and 250,000 tonnes.

Such a purchasing programme would increase the size of the consortium's fleet from 2.1m. to about 2.7m. d.w. tonnes. No decision has been taken on the means of funding the programme, although it is understood that a consideration is being given to using conventional commercial loan packages, which are being offered on increasingly soft terms by the world's order-hungry shipbuilders.

In the past, the consortium has preferred to finance purchases by asking its member States for an increase in its capital base. The last such increase, however, which increased AMPC's investment stock to U.S.$500m., has still not been fully subscribed. About $60m. is outstanding, as a result of lack of liquidity in certain States.

At the end of 1975 a decision by Ministers of the *Organisation of Arab Petroleum Exporting Countries* to increase stock to $1bn. was laid aside to await economic studies on the volatile tanker market. It is this consultant's report which has now recommended a policy of limited expansion to be considered by the *consortium's Board.*

Assessment has also been made of the opportunities for purchasing second-hand tonnage now selling at bargain-basement prices as a result of the prolonged oil-tanker slump. But the Arabs prefer to order new ships, not only because of the highly competitive prices and credit terms available, but also because new building carries the advantage that longer-than-usual lead times can be specified so that the new tonnage will not be delivered until 1980. By that time the industry is hoping for an upturn.

Dunlop and Pirelli in Russian accord

Dunlop Holdings and Pirelli SpA signed two new technological cooperation accords with the Soviet Union, state committee chairman for science and technology, Mr. Dzermen Gvishiani said, Reuter reports from Moscow. The agreements provide for the exchange of know-how in tyre production, technical rubber products and the manufacture of steel cord.

Pirelli and Dunlop are already holding talks on the sale of radial tyre production equipment for two Soviet factories, a contract estimated at $45m. The companies are also discussing plans for a steel cord plant in the USSR.

Siemens in Nigeria

SIEMENS AG's 75 per cent. subsidiary Transformation Union AG has agreed to set up a joint company with the Nigerian government to produce distribution transformers, Reuter reports from Stuttgart. Transformatoren union, will have a 35 per cent. stake and Nigeria 65 per cent. in the new company, which will build a £7m. plant in Abeokuta, north of Lagos. Meanwhile in Munich Siemens itself said it and Corning Glass Works of Corning, New York, have agreed to set up an equal joint venture, Siecor Optical Cables of Horsheads, New York, which will operate in the field of light wave conductor cables.

● NEWS ANALYSIS

BP's Sardinia plan bogged down

BY ARNOLD KRANSDORFF IN SARDINIA

THE ANNOUNCEMENT of the possible closure of British Petroleum's 50 per cent.-owned protein-from-oil factory in Sardinia is not entirely unexpected. For about 16 months now, BP, in partnership with ANIC, a subsidiary of ENI, has had to mothball a £40m. factory which could annually produce 100,000 tonnes of Toprina, a brand-name high protein animal feed substitute for calves, poultry and pigs.

This is because the Italian authorities have suspended a 1972 decree allowing production and sale of Toprina, which BP insists has been proved to be *non-toxic and completely safe.* Unless the Italian authorities give the go-ahead before the end of next month, BP says it cannot continue financing the project, which is costing £10m. a year to maintain.

If BP and its partner go ahead with their threat to liquidate the investment, it would clearly be a serious blow to BP's proteins-investment plans for the future. It would also be a major setback for high technology in Western Europe.

The plant is the largest of its kind in the world and employs technology which BP claims is at least two years ahead of its competitors. The decision to investigate possible relocation of the factory suggests that BP will not abandon the project, but this would put the company in danger of losing its scientific and technical lead because another plant would take at least two years to bring on stream.

In addition to the obvious reluctance by BP to delay using the technology, "to feed a hungry world," another immediate concern is the problem it is facing in trying to operate in Italy. The Sardinian project is BP's *only* investment there, but already the company is regretting having chosen the Sarroch site. According to senior BP officials, it might have made better sense to have ignored the original financial incentives and built the plant in the U.K. or elsewhere in Europe.

But generous grants were offered by the Italians—BP and ANIC went ahead in 1973, but, they insist only after getting the necessary approvals, subsequently suspended, to manufacture Toprina.

The grants, estimated at about £3m., are not payable until after the plant becomes operational. A factor which curiously has not helped matters is that BP's partner is part of the Italian State oil company—it also stands to lose its substantial investment in the project.

BP is bitter about the way the joint company — Italproteine — has been treated. The company sees it as entirely reasonable for the Italians to be cautious about the environment and new technology, especially after the Seveso disaster, but unreasonable for the authorities to engage in what they describe politely as "obstructive beaurocratic inaction."

BP insists that it has provided all the necessary evidence to prove the safety of the product and the plant. Time and again, the Italians have raised new doubts.

Indecision persists, and BP is left wondering why.

The reasons suggested are numerous. Obviously, there is public concern about the environment and local and national pressure groups must provide some of the answers. BP also feels that the Italian Government *seems indifferent to foreign* investors, adding that an unending paper-chase with civil servants doesn't help. There are also hints of rivalries within the scientific fraternity and a Soya meal lobby —Italian manufacturers and exporters would stand to lose about £1m. a year.

Together they add up to a situation where Italproteine is idle, and the whole investment is now at risk.

BP estimates that it would cost about 50 per cent. more to build a similar factory elsewhere at to-day's prices. Only about 30 per cent. of the Sardinian investment could be salvaged in removable plant.

In balance sheet terms, liquidation of Italproteine would mean a substantial write-off for the parent companies and further expenditure on a new factory elsewhere.

This has to be judged against the needs of BP's other commitments, such as the North Sea and Alaska. As yet, there are only the reports of possible relocation to suggest that economic realities will not persuade the BP Board to abandon this new technology.

HOME NEWS

Clore to step down as head of Sears

BY MARGARET REID

multi-millionaire whose activities led to the coming of the word "take-over," is to move into partial retirement at a time when his Sears Holdings is increasingly active on the bid front.

Now aged 72, Sir Charles, who has been abroad since February, is giving up the chairmanship of Sears Holdings, which has large shoe, engineering and other interests, on December 31. But he will stay on the Board with responsibility for the group's overseas activities and expansion.

He is to be succeeded as chairman by his close business associate and solicitor, Mr. Leonard Sainer, who has been deputy chairman for 25 years.

Last night, Mr. Sainer said that he was to begin negotiating to-day for the purchase of Charles Jourdan, the French shoe company, from its owner, the U.S. group Genesco.

"Sir Charles who is in New York, has been conducting the preliminary talks," Mr. Sainer said.

He added that Sears was also discussing the possible take-over of two much larger businesses, one in the U.S. and the other on the Continent.

Asked whether Sir Charles Clore would emigrate—a course which would reduce the tax burden on his large fortune—Mr. Sainer said: "Nobody knows. I don't think he has made up his own mind what he wants to do."

Sir Charles had been living abroad in Europe and in the U.S. "to find out what it was like to be retired in the physical sense of not being in touch with the businesses on a day-to-day basis though he keeps in touch otherwise."

Sir Charles pioneered the concept of taking over companies with under-used assets when he bought the Freeman Hardy and Willis concern in 1953. Other shoe acquisitions followed and Sears now controls British Shoe Corporation, the largest concern in the British footwear industry.

A string of other take-overs followed, including Mappin and Webb and Lewis' Investment Trust, which owns Selfridges.

In the late 1950s Sir Charles bid £29m. for Watney Mann, the brewery group. But, Mr. Sainer recalled: "We were prevailed on by some City gentlemen not to proceed. Later, Watney was taken over (by Grand Metropolitan in 1972) for £400m.; so we were wrong in not pursuing it!"

Sir Charles holds nearly 3m. shares beneficially in Sears and another 3.7m. non-beneficially—holdings worth some £4m. Mr. Sainer said these were not expected to alter.

There are also other large holdings in trusts for Sir Charles's son and daughter.

Sir Charles, one of Britain's richest men, also has a large portfolio of shares in other companies. One of the bigger holdings is in Land Securities Investment Trust, to which City Centre Properties, in which he had a major stake, was sold.

SIR CHARLES CLORE
Moving into partial retirement

MR. LEONARD SAINER
New head of Sears Holdings

Go-ahead for £20m. fertiliser plant may follow gas pact

BY KEVIN DONE, CHEMICALS CORRESPONDENT

AN investment of £20m. to £25m. by UKF Fertilisers in new plant on Merseyside could be given the go-ahead early next year, following delays of more than two years because of the company's uncertainty over feedstock prices.

Negotiations between UKF, the British subsidiary of the Dutch UKF fertiliser group, and British Gas resume later this week on a new contract for the supply of natural gas to the company's 250,000 tonnes a year ammonia plant at Ince, Cheshire, and an agreement is expected before the end of the month.

The way to a settlement has been opened recently by the renegotiation by British Gas of its long-term gas supply contract with Imperial Chemical Industries, the world's leading ammonia producer and the dominant fertiliser manufacturer in the U.K.

Natural gas is used to make ammonia, the basic raw material for nitrogen fertilisers. In recent years ICI has been able to establish a virtual stranglehold on the U.K. fertiliser market by virtue of its access to cheap gas feedstocks guaranteed by the 15-year supply contract signed in 1969.

Plans frozen

But its recent agreement to pay substantially higher prices for its gas has opened the way for UKF and British Gas to arrange a new contract, and it has also led to a round of applications for price increases from all the major fertiliser manufacturers.

It is expected that UKF and the gas corporation will agree a price of between 4.5p and 6.5p a therm. It is within this band that ICI is believed to have agreed its new price.

UKF has frozen two major projects because of its uncertain feedstock position. It had planned to build new nitric acid and ammonium nitrate plants at a cost of some £15m. as the first phase of a major expansion programme at Ince. The cost has now escalated to £20m.-£25m.

This was to have been followed by a 350,000 tonnes a year ammonia plant at a cost in excess of £50m. But both projects were frozen when UKF failed to agree a new gas price, when its old contract expired. For many months it has had to make do with an interim price pending the ICI negotiation.

Now, along with Fisons and Albright and Wilson, UKF has followed ICI with an application to the Price Commission to increase its fertiliser prices. ICI is understood in the industry to have applied for a 15 per cent. increase for nitrogen fertilisers from January 1, which could be followed by a further 10 per cent. increase later in the year.

With some certainty over feedstock prices, at least in the short-term, and higher fertiliser prices, UKF is expected to give favourable consideration to its postponed fertiliser plant expansion in the New Year.

But investment in a new ammonia plant is far less certain as the company is unlikely to receive any assurance from British Gas over the level of feedstock prices over the long-term.

If the intended round of price increases is allowed by the Price Commission, it should also open the way for Thames Nitrogen, the most notable victim of the severe competitive distortion in the fertiliser market, to re-start production.

The company closed down its plant at Rainham, Essex, last March when increases in the price of imported ammonia forced up its losses to an unacceptable level. One hundred and thirty employees lost their jobs as a result of the closure.

The company said at the time that it had become impossible to compete against the dominant nitrogen fertiliser producer, ICI, because of the long-term gas contract arranged before the energy crisis.

Co-op cuts interest on personal loans

By Michael Blanden

THE Co-operative Bank is continuing to provide free banking for personal current account customers who stay in credit next year, and is cutting its interest rate on personal loans.

The bank is, however, also suspending for the time being the payment of interest at a rate of ½ per cent. on current accounts from the beginning of next year. As a result of a review of its tariffs it is raising the charges for personal customers who do not qualify for free banking.

The decision to drop the payment of interest on current accounts is an important move for the Co-op, since this has formed one of its main selling points in the past. The amounts involved are small—the bank estimates that the average amount paid to personal customers is only some £1 a year—and the Co-op said yesterday that the payment was only being suspended and could be revived.

Dearer debits

The bank is reducing the rate of interest on its personal loans, the fixed-rate fixed-term loans which are used as the main vehicle for unsecured lending to personal customers, from 15 per cent. to 14 per cent. This makes the Co-op cheaper than the other big banks.

For personal customers who go into the red on their current accounts, the bank is raising the cost of debit entries and standing orders to 9p a time against 7p.

Commenting on the changes Mr. Lewis Lee, the chief general manager, said: "We were the first to offer a genuinely free banking service in 1974, and in the interests of our customers we will stick to this policy for as long as possible."

Small businesses keen to borrow more from ICFC

BY NICHOLAS COLCHESTER

ICFC, THE subsidiary of Finance for Industry that provides long-term funds for small businesses, is experiencing an unusual surge of interest in its lending facilities.

Total applications for loans now total £78m.—up from £63m. last September and £32m. in September, 1976—and at least half of this amount is earmarked for capital spending.

The executives of ICFC are puzzled by the continuing rise in the number of applications, which they say is unprecedented when it is relatively easy to arrange credit.

The growth in applications is in marked contrast to the lack of interest by larger companies in Finance For Industry's other lending subsidiary, Finance Corporation for Industry.

The ICFC executives note that two out of three applicants are first-time borrowers, compared with a ratio in normal times of one-to-one.

The average size of the ICFC loans is £120,000 and they would typically be for 15 years (with an average life of eight years) and bear a fixed interest rate of between 12 and 13 per cent.

These rates are down from between 16 and 17 per cent. a year ago and the ICFC executives surmise that at the present level, entrepreneurs would prefer to pin down fixed-rate money than open themselves to the uncertainty of a floating-rate medium-term loan from a bank—the chief source of lending competition.

If this is the case, it implies a view among entrepreneurs about interest rates. It also suggests that they are satisfied that new investment can provide sufficient return on capital to justify financing it at over 12 per cent.

In evidence to the Wilson committee, ICFC has pointed out the rising level of gearing that small companies and their bankers are now willing to accept.

Subsidiary for Lloyds

BY ERIC SHORT

LLOYDS BANK has formed a subsidiary company to provide insurance services for its customers in order to conform with the provisions of the Insurance Brokers (Registration) Act 1977.

The new company, Lloyds Bank Insurance Services, will carry out the service at present provided by the bank's insurance department, with effect from the New Year.

Lloyds Bank, unlike the other clearing banks, has always provided insurance services through a department of the bank rather than setting up a subsidiary insurance company.

But the new legislation relating to insurance brokers makes it an offence for any organisation to trade as insurance brokers unless they are registered. And the Act lays down that corporate bodies can trade as insurance brokers only if the majority of the directors are registered brokers.

This would mean that, under the present set-up, the majority of Lloyds board would have to be registered insurance brokers in order to comply with the Act.

The change will not make any difference to the service provided by Lloyds Bank to its customers. The original inquiries will come through the branch network.

Lloyds insurance department at present handles premium income in excess of £1m., primarily through services to individual customers.

Meriden now able to stand on its own

By Arthur Smith, Midlands Correspondent

GEC, WHICH played a central role in the rescue, ten months ago, of the Meriden motorcycle co-operative, has withdrawn by mutual agreement.

The announcement was made yesterday by Mr. Felix Kean, a director of the co-operative, who said both sides agreed Meriden was now able to stand on its own.

The co-operative had repaid the £1m. loan made available by GEC to finance the sale of 2,000 bikes held in stock. In addition, the co-operative had recruited a team of five senior executives to replace the personnel seconded to it by GEC.

"It was always understood that GEC involvement was only of a temporary nature. We are grateful for their help and know that we only have to lift the telephone should we require their assistance." Mr. Kean said.

He said that the major problem confronting the co-operative was to meet the demands placed upon it by a full order book.

"We have to provide 1,200 bikes before the end of the month for the U.S. market, which requires an output of more than 300 a week."

Evaluation

All 631 members of the co-operative are on the same wage of less than £60 a week, but a self-financing productivity scheme is proposed in order to boost output.

A special committee is undertaking a job evaluation exercise prior to the introduction of a three-grade wage structure which will introduce pay differentials to the co-operative for the first time.

Mr. Kean said last night that the prospect of such a scheme had already lifted output to 300 vehicles a week, even though the level of payments and the job structure had still to be determined.

Scientist to advise Defence Ministry

BY DAVID FISHLOCK, SCIENCE EDITOR

A CHEMIST, Professor Ronald Mason, is to be the new chief scientific adviser to the Ministry of Defence. The post has been vacant since early October, when Sir Hermann Bondi transferred to the same position at the Department of Energy.

The new post carries permanent secretary rank. Professor Mason, 47, will become a member of the Defence Council, in addition to having the chairmanship of the Defence Research Council.

As professor of chemistry—although with strong leanings towards physics—at the University of Sussex, he was a member of the Science Research Council from 1971 to 1975, and chairman of its Science Board. He was elected a Fellow of the Royal Society in 1975.

Last year he turned down the post of chief scientific adviser to the Cabinet Office "think-tank," because, it is understood, that job is only at deputy secretary level.

In seeking a new scientific adviser—a post that has been held in recent years by Sir Alan Cottrell, Sir William Cook, and Lord (formerly Sir Solly) Zuckerman—the Ministry of Defence has stressed that the appointee must be an FRS.

The reasoning is that since one person cannot be expected to be expert in the entire range of scientific matters of interest to defence, the chief scientific adviser must above all be a man other scientists will listen to.

Professor Mason's special expertise lies in chemical physics—the physics of crystals.

He will work initially part-time and will take up the appointment full-time early next year.

Neighbourhood councils 'counter disillusion'

FINANCIAL TIMES REPORTER

SUPPORT for a new form of grassroots participation in community affairs was urged yesterday by Mr. Reg Freeson, Minister for Housing and Construction. He said that the setting up of neighbourhood councils (non-statutory bodies designed to act as local pressure groups) would help counter the disillusionment with local politics.

Many people were concerned at the remoteness of local authorities, especially as the 1974 reorganisation created new, larger bodies.

A feeling of isolation had led many areas to set up neighbourhood councils, financed by local contributions.

To encourage this trend, the Department has produced a new booklet giving practical advice on setting up such councils.

So far about 50 neighbourhood councils have been set up. After early antagonisms from elected councils who saw them as a challenge, there is now closer co-operation with them.

Launching the Department's booklet yesterday, Mr. Freeson said that many local pressure groups were hampered by ignorance on how to set up the organisation needed. He saw a bigger role for neighbourhood councils complementing democratically elected councils and working closely with parish councils.

The Department is shortly to send out a circular reviewing the role of parish councils, he added.

**A Voice for your Neighbourhood—the Neighbourhood Council. SO, 50p.*

Cabin village in the forest

A FOREST holiday village will be opened in Cropton Forest, in the North York Moors, in time for Easter.

The village, at Keldy Castle, will have 28 timber cabins blending into a forest setting, and farm buildings converted to provide additional amenities.

Guests arriving at the Forestry Commission village will find themselves welcomed in a byre complete with stalls, troughs and water bowls. The building to be used as a reception is an old byre and it has been decided to retain the old fittings.

British Caledonian fears loss on Scottish route

BY RAY PERMAN

BRITISH CALEDONIAN expects to lose £750,000 this year on its domestic air services—mainly flight between Gatwick airport and Edinburgh and Glasgow.

Mr. Ian Ritchie, external affairs director, said yesterday that the airline's losses had been reduced substantially during recent years, and the routes were moving towards the point where they would break even.

But, faced with a 25 per cent. increase in ground charges and with a rise in other costs, it would be unrealistic to expect cheaper fares.

The company's application for increase fares next April is likely to be for an extra £2-£3. The present single fare between the Scottish airports and London is £30.

British Caledonian's five daily flights in each direction between London and the two Scottish cities compete with the British Airways Shuttle, which operates an hourly service from Glasgow and a two-hourly service from Edinburgh.

Fresh BBC plea on TV fee

BY ARTHUR SANDLES

BBC efforts to get a substantial rise in the television licence fee are building up. Yesterday Mr. Ian Trethowan, director general, added his comments to those made recently by Sir Michael Swann, the chairman, in saying that a big rise would be sought next year.

The BBC was upset when the recent colour licence fee rise (from £18 to £21) proved to be less than it felt was necessary and applied for one year. Mr. Trethowan said that the new fee should be enough to last for more than a year and preferably for much longer.

"How much it will be depends on what is in the Government's White Paper on the Annan Report on the Future of Broadcasting, on the expected levels of inflation, on how quickly people are switching from black and white to colour and on whether we are forced, or feel forced, to subscribe to some further Government restrictions on wages."

Speaking in London at a Broadcasting Press Guild lunch, Mr. Trethowan said that the quality of British broadcasting depended on the BBC and ITV having roughly equal incomes. This was not the case at the moment. ITV is in the midst of an advertising glut.

"If one organisation can consistently outbid its competitors for the best then in the end that organisation will finish with the best programmes," he said.

HOME NEWS

Car makers want tighter curbs on Japan imports

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE BRITISH motor industry is renewing attempts to strengthen and prolong the understanding on voluntary restraints by Japanese car importers, in view of figures showing that the Japanese market share this year is likely to finish well above 10 per cent.

So far, the Japanese manufacturers have resisted suggestions for a further meeting with their U.K. counterparts, although according to the normal pattern of the past two years the two sides will expect to get together early in the New Year.

The Japanese say that their forecast that there would be no "significant" increase in sales of their cars in Britain this year, will be fulfilled.

However, figures published by the Society of Motor Manufacturers and Traders yesterday have renewed fears that Japanese cars will capture well over the 9.4 per cent. share they achieved last year.

Datsun, the major importer, sold almost 5,000 cars (5.2 per cent.), despite attempts to restrain its dealers, and will finish the year with a substantially higher number of registrations than in 1976.

The British manufacturers are also worried about the incursion of new Japanese importers and the impact this would have on the figures next year.

Subaru, a manufacturer loosely connected with Datsun in the Nissan group in Japan, has started selling in the U.K. with a target next year of at least 2,000 vehicles, and Daihatsu linked similarly with the Toyota interests has also moved in.

Because of these pressures, the U.K. industry has recently had talks with the Department of Trade about the possible limitations on Japanese imports.

But at the moment, it is felt that no substantial case can be put up for formal restraint because most of the damage to the U.K. industry has been self-inflicted through industrial disputes.

Given these difficulties, the manufacturers are hoping for further informal talks with the Japanese producers next year.

Although total sales in November fell by 10.8 per cent. to 95,699 cars, compared with the same month last year, it appears that the industry will achieve its forecast of 1.3m. registrations this year. The total for the 11 months reached 1,265,641, a figure which is 3.4 per cent. up on last year.

Of these, 44.4 per cent. were imports, compared with 37.5 per cent. in 1976. A great deal of this increase is accounted for by imports from the multi-nationals.

Ford, for example, last month brought in 25.3 per cent. of its cars from its plants on the Continent. Ford's total imports for the year account for 25 per cent. of its sales.

Leyland was once again beaten into second place with a market share of 22 per cent. (21,040 units) and its sales are now running at 24 per cent. on an 11-month basis against Ford's 25.6 per cent.

Fiat was leading importer with 5.3 per cent. of the market, against Datsun's 5.2 per cent.

MOTOR VEHICLES SALES IN NOVEMBER

MANUFACTURER	UNITS	PER CENT.
Ford	27,310	28.5
Leyland	21,040	22.0
Vauxhall	8,488	8.9
Chrysler	5,201	5.4
Fiat	5,101	5.3
Datsun	4,989	5.2
Renault	3,944	4.1
VW/Audi	3,387	3.6
Others	16,239	17.0
Total	95,699	100.0

Fiat to increase prices of some models by 3%

FIAT IS to raise the prices of some of its models by an average of 3 per cent. The price rise will affect models delivered to dealers after December 12.

The models involved are the 126 saloon and de Ville, the 128 saloon range, estate car and Berlinetta, the Mirafiori four-door 1300 and 1600 saloons and the 132 two-litre saloon.

The 126 saloon—the lowest-priced car in the Fiat range—will cost £1,496.43 (inclusive of car tax and VAT). The two-door 128 saloon will cost £2,109.51 and the four-door Mirafiori saloon wil cost £3,049.02.

Stocks of cars in the showroom, or delivered before December 12, will continue to sell at present prices.

●Honda yesterday announced a rise of £120 on the prices of its Accord three-door hatchback. The 1978 model with manual transmission will cost £3,185, including all taxes, and the automatic model will cost £3,385.

A number of new features, including steel radial tyres, halogen headlamps, laminated windscreen and rear fog lamp, have been incorporated.

Pressure on profit margins 'worrying'

By Peter Riddell, Economics Correspondent

THE PRESSURE on profit margins for a wide range of domestic industries as well as for exporters is the most worrying feature of the economic position, according to Mr. Gordon Pepper, of stockbrokers W. Greenwell and Co.

Mr. Pepper, speaking at a conference of the Society of Business Economists in London yesterday, said that the finance required for stock appreciation would rise rapidly next year because of the higher unit wage costs of work-in-progress.

He criticised the "pigheaded refusal of the Government to begin a relaxation of exchange control regulations." This was "hindering the capital account of the balance of payments from moving itno deficit "and" forcing the non-oil current account to adjust.

"The result will be that the U.K. will lose its present competitive advantage — domestic inflation will be higher than the average abroad."

There was a possibility of a further appreciation in sterling in the short term, though he would not be optimistic about the pound on a view of more than a year.

Commodity rises

Mr. Robert Perlman, managing director of Commodities Research Unit, said that commodity price rises would not upset world economic growth now, but there might be hazards in the future.

"The longer prices for non-fuel minerals and metal prices remain depressed, limiting the expansion of capacity, then the surer and higher the future reaction in prices will be."

Answers to the Society of Business Economists annual questionnaire on the outlook for 1978 show a median expected rise in real Gross Domestic Product of between 2 and 3 per cent. That is projected by 54½ per cent. of those questioned.

Private manufacturing investment is expected to grow by between 4 and 8 per cent. in real terms by nearly two-fifths of the sample, with just over a quarter projecting an increase of between 8 and 12 per cent.

Nearly 85 per cent. of the economists expect retail prices to rise by more than 10 per cent. next year. Only 2 per cent. envisage a rise in average earnings of single figures.

Nearly half the economists expect their own company's profits (after tax and interest) to rise by between 5 and 15 per cent.

Among the other median projections is a range of 521 to 600 for the FT Ordinary share index by the end of 1978, and appreciation up to 3 per cent. in sterling's trade-weighted exchange rate. But many of the economists think there might be a depreciation of up to 3 per cent.

Mr. David Warburton

IN AN article yesterday on the split in the chemicals industry over development planning, a comment was incorrectly ascribed to Mr. David Warburton, the national chemicals officer of the General and Municipal Workers Union.

The paragraph "The penalties for wrong decisions are terrifyingly large—that is why investment plans must be firmly based on the realities of the international market-place." should have been attributed to Mr. Martin Trowbridge, director-general of the Chemical Industries Association.

Inquiry studies high tax burden on management

BY CHRISTOPHER DUNN

A STUDY of the effects of high tax rates on British management is being sponsored by the Institute of Fiscal Studies.

Mr. Dick Taverne, director of the Institute, said yesterday that the three-man inquiry team headed by Mr. Brian Reddaway, Professor of Political Economy at Cambridge, had already begun work.

The other members are Mr. Aubrey Silbertson, Dean of Nuffield College, Oxford, and Mr. Alan Lord, formerly Second Permanent Secretary at the Treasury and now planning director of Dunlop.

The team will spend about 18 months looking at the effects of low salaries and high taxes on the performance of companies.

The study will concentrate initially on manufacturing companies, collecting information on pay, promotion and recruitment. About 50 companies have so far said they are willing to cooperate.

The second part will look at specific cases of high taxation, where its impact on key personnel may have led to loss of orders or investment.

The committee emphasised yesterday how difficult it would be to draw conclusions from the mass of data it planned to collect.

"We want to get at the facts. We are interested in knowing the results, rather than proving that high tax rates in this country have produced a specific result," said Mr. Reddaway. Aggregates would probably be avoided. Nor would companies generally be named.

Mr. Michael Edwardes, British Leyland chairman, who will head the Institute's steering committee supervising the inquiry, emphasised the importance of finding out what actually resulted from Britain's approach to management rewards.

This is the only outside post retained by Mr. Edwardes since he moved to Leyland two months ago.

"If our current income levels and tax policies are demotivating senior managers, then action must be taken to correct the position," he said.

"If the study shows their effect is not significant, then I hope it will point to other measures which industry can take to improve the quality of management."

Quoting a specific example at Chloride, where Mr. Edwardes was formerly chairman, of the loss of a key man to the U.S. for a colossal increase in net salary, Mr. Edwardes added that the answer might be to widen the tax bands.

"Management is a big part of the scene. But you can't ignore high tax rates on the shop floor either."

Trevor Humphries

MR. MICHAEL EDWARDES: Action must be taken if income levels de-motivate managers.

Big towns seek more powers

BY DAVID CHURCHILL

PROPOSALS under review in Whitehall for a limited reform of local government organisation after the 1974 changes are supported by the Association of District Councils, the largest group of local authorities in the country.

The association has told Mr. Peter Shore, Environment Secretary, that it is in favour of restoring responsibility for highways, planning and personal services to the "Big Nine" former county boroughs.

These boroughs, which included Bristol, Southampton Leicester and Derby lost their responsibilities for education social services and highways to the county councils under the 1974 local government reorganisation. It was felt at the time that the larger county authorities could organise these services more efficiently because of their size.

But in a memorandum on potential English devolution, the association said it is concerned "about the expense, waste, uncertainty and delay stemming from the present overlaps and duplication of powers."

It feels that responsibility for two services which most affect local people—highways and social services—should be returned to the non-metropolitan district councils, which include the former "Big Nine" county boroughs with more than 100,000 populations.

The association, however, acknowledges that there is considerable opposition to any form of change in both Whitehall and among some local authorities. Thus, it is not seeking at the moment any return of education powers to the "Big Nine," as this would mean more extensive changes.

Forth reclamation scheme

BY A CORRESPONDENT

THE SCOTTISH Central Regional Council yesterday disclosed its plan to reclaim more than 1,000 acres for petrochemical developments on the River Forth. This covers the Kinneil/Kerse mudflats between Grangemouth and Bo'ness on the Upper Forth foreshore.

The proposals include a suggestion to set up an ethylene cracker plant similar to the one proposed for Mossmorran in Fife. But Mr. Frank Bracewell, the Council's director of planning, said that the costs would be over £30m. and beyond any local authority. The Scottish economic planning department had been approached but had not given its overall acceptance.

Mr. Charles Snedden, chairman of the Council's finance committe, said: "It needs national spearheading. It is a matter of national importance and we can only carry on if it is seen that way by the Government."

Police seek Iranian witness

FINANCIAL TIMES REPORTER

SCOTLAND YARD is trying to trace a witness from Tehran in the hope that he will give important last-minute evidence for the Crown in the Iranian arms deal case at the Old Bailey.

The witness is Mr. Vahed Galledari, an Iranian businessman, who is alleged to have had various dealings with one of the accused, Lt.-Col. David Randel, 41, of Aldershot, a former signals adviser to the Ministry of Defence.

Lt.-Col. Randel denies corruptly receiving nearly £25,000 in payments from two former executives of the Racal electronics group for showing favours to them over a £4m. radio equipment contract which the company was awarded by the Iranian army in 1972.

The two former executives — Mr. Geoffrey Wellburn, 41, of Beaconsfield, and Mr. Frank Nurdin, 61, of Barnet — deny giving him any money corruptly.

Substantial legal issues may arise if Mr. Galledari does not turn up in time as the prosecution case is virtually over and the defence is expected to open this week.

The moves to locate Mr. Galledari were disclosed by Mr. Kenneth Richardson, prosecuting counsel, when he obtained the judge's permission last night for the hearing to be adjourned until to-day, when he hopes the absent witness will arrive.

Pay row rules out expansion scheme

An American-owned engineering company has abandoned a £1.75m. expansion plan in the North East because of a ten-week pay dispute.

Eaton Axle had intended to spend £750,000 on replacing its assembly shop at Newton Aycliffe, Co. Durham, to provide more capacity for making heavy-duty axles for buses and lorries. A new £1m. factory at Cramlington, Northumberland was to supply parts to the Aycliffe factory.

The company said yesterday that both scemes had been cancelled and Eaton's North East investment policy would be reviewed.

Court order

The factory's 950 hourly-paid workers were laid off ten weeks ago, after imposing sanctions in support of a pay claim which the company said broke the Government's 12-month rule.

About 30 men then began a sit-in, which ended five weeks ago when the company was granted a court order for possession of the factory.

Agreement on pay was finally reached last month, but the company has rejected return-to-work proposals based on paying the workers in full for the time they have been laid off. It said that it was prepared to offer the men two weeks' pay.

Oil revenue could avert new slump, says Benn

By Ray Dafter, Energy Correspondent

BRITAIN COULD face an economic slump with "1930 consequences" unless North Sea oil revenue was used on an ambitious programme of public investment and unless employment prospects were improved, Mr. Anthony Wedgwood Benn, Energy Secretary, said yesterday.

He said at a luncheon meeting of the London Chamber of Commerce that the benefits of North Sea oil revenue were being more than offset by the wasted productive capacity among the 1.5m. unemployed.

This waste was equivalent to about twice the value of the expected peak offshore oil production—over £10bn. annually at current prices.

"It is certainly an argument that public investment on a substantial scale may well be a key instrument in preventing the slump of the 1970s from having the same consequences as we had in the 1930s." Energy self-sufficiency provided an opportunity to undertake a "re-industrialisation" programme.

It is a message, forcefully presented yesterday, which Mr. Wedgwood Benn is pressing within the Cabinet, although not with total success.

Firm Government decisions on how North Sea revenue should be deployed have yet to be taken, although it is known that Mr. Denis Healey, the Chancellor, would prefer to use the money to cut taxes and to repay foreign debt.

Uncompetitive

Mr. Wedgwood Benn said that unless Britain followed the example of other major oil producers (those in the Organisation of Petroleum Exporting Countries) and used oil revenue to re-equip industry, the country could eventually find that its manufacturing base was uncompetitive. Emigration could be a consequence.

Public investment would inevitably benefit private industry. Mr. Wedgwood Benn pointed out that the energy industries, most of which were publicly-owned, invested £3.75bn. a year, and so provided contracts and job opportunities for the private sector.

Opportunities which might be explored included investment on energy conservation, on a £5bn. gas gathering network for the North Sea, on nuclear development and the re-equipment of industry in general.

Post Office money saver

AN AUTOMATIC £9,740 energy saving system installed by the Post Office at its trunk switching centre in Reading will recover its capital cost within a year.

The Enertrol system, marketed in the U.K. by CSL Energy Management, is expected to save £11,500 in its first year.

£3m. life-saver for Yorks. pit

THE GO-AHEAD for a £3.2m. life-saving plan for Thurcroft colliery, South Yorkshire, threatened with closure in 1984 because of lack of coal, has announced yesterday by Sir Derek Ezra, National Coal Board chairman.

The money will be spent to drive into additional reserves in the collieries' 48-ins. thick Swallow Wood seam, boost output of high-quality coking coal by 150,000 tonnes a year to 525,000 tonnes and, by creating 6.3m. tonnes of extra reserves.

LABOUR NEWS

Fair wage case may resolve Polish ship row

BY NICK GARNETT, LABOUR STAFF

MANAGEMENT and shop stewards at Swan Hunter believe that a "fair wages" claim for the company's outfitters, due to be heard in a little over a week, could be a way out of British Shipbuilders' difficulties on the Polish ships order.

The claim has been given priority by the Central Arbitration Committee and has been set for December 16, just a few days before the ships contract is due to be formally signed by British Shipbuilders and the Polish Government.

The claim will not deal with the particular pay parity problems between outfitters and boilermakers which resulted in the outfitters' overtime ban on the Tyne.

But the hearing will examine pay differences between outfitters in all Britain's big shipbuilding yards.

As the Swan Hunter outfitters claim to be the poorest paid of the finishing workers—using the same criteria of working practices—at any of the country's yards, they believe the Central Arbitration Committee will make a substantial award in their favour.

That would not deal with the long standing claim for parity of earnings with the boilermakers, but it could put extra money in the outfitters' pockets almost immediately and at least some shop stewards believe that could be enough to tempt the men to lift their 14-week overtime ban.

Swan Hunter management is hoping that the prospect alone of the fair wages hearing might be enough to induce the 1,700 outfitters to remove the ban which has prevented the allocation of seven bulk carriers worth more than £50m. on the Tyne.

The top rate for Swan Hunter outfitters, including fixed bonuses and pay supplements, for a 40-hour week is £68.82. Union officials say this is the lowest of all the yards, with the highest rate of £94.58 at Austin and Pickersgill, down to £67.20 at Yarrow, with an average, excluding Swan Hunter, of £76.94.

The High Court recently overruled a Central Arbitration Committee award—based on Schedule II of the Employment Protection Act for workers at Deltaflow, a Birmingham company, because of the existence of a nationally agreed minimum wage which the judges said must be the starting point for wage claims.

Endorsed

The Central Arbitration Committee said yesterday that this ruling should not affect the Swan Hunter case, which has been brought under the 1946 Fair Wages Resolution and not Schedule II.

A mass meeting of workers at Govan on the Clyde yesterday overwhelmingly endorsed a shop stewards' decision that they would be prepared to see ships diverted from Swan Hunter built at Govan.

Shop stewards representing workers at one of Smith's Docks' two yards on the Tees, who are also pressing a "Fair Wages" claim, re-affirmed yesterday that their men were not prepared to work on the two ships re-allocated from the Tyne.

Pressmen seek to spread provincial strike

BY OUR LABOUR STAFF

Leaders of the National Union of Journalists decided yesterday to call for extended strike action in the Westminster Press group in support of the six-month closed shop dispute in Darlington.

The union was told last night of plans by printing union members in Darlington for a return to work shortly, but claimed that strike action by journalists on provincial papers owned elsewhere by the group could still be "effective."

The executive's decision is to be put to the other journalists in the group before any further plans are put into operation.

Chapel to meet

A special meeting of the Westminster Press Group chapel is to take place in London on Friday to discuss the proposed development of the strike.

The executive's decision follows rejection by the Darlington journalists last week of a new peace formula put together on the initiative of the National Graphical Association with the help of NUJ leaders and Westminster Press management.

The NGA has been supporting the Darlington journalists by instructing their members not to cross their picket lines in the stoppage.

The strike, preventing the group's North of England Newspapers' publications began over the employment of a non-NUJ sub-editor and has so far produced no change in the management's stand against newspaper closed shops as a threat to Press freedom.

Part-time firemen 'should not work'

BY ALAN PIKE, LABOUR CORRESPONDENT

FIRE BRIGADES UNION leaders stood firm yesterday on their demand for 30 per cent. pay increases in spite of lack of TUC support, and appealed to other unions to stop part-time firemen working during the strike.

Many part-time firemen are members of other unions, and the FBU is urging those unions to tell them not to continue fire-fighting duties while the full-time firemen are on strike.

FBU leaders say that some unions, including areas of the National Union of Mineworkers and the Associated Society of Locomotive Engineers and Firemen, have already issued such instructions.

Mr. Terry Parry, FBU general secretary, said after an executive meeting lasting several hours that the firemen were "as determined as when they came out on strike."

Recall of the union's conference had not been discussed, and the FBU would be challenging last week's decision by the TUC finance and general purposes committee not to campaign against application of the Government's 10 per cent. pay guidelines.

The employers' side of the national joint council, which negotiates fire service pay, meets to-day, but the union will not be present. Mr. Parry said that this did not imply a refusal to talk by the union; it was mutually understood that the union was not required to attend.

Executive members at yesterday's meeting expressed their regret at the deaths of two soldiers killed earlier in the day when their Green Goddess overturned near Manchester.

In a ballot declared yesterday, members of the 4,000-strong National Association of Fire Officers voted 4-1 against strike action in support of a pay claim of about 40 per cent., but agreed by a similar majority to take other forms of industrial action. This will be considered further at an association conference on Friday.

In spite of the Prime Minister's suggestion that the Government might underwrite a long-term pay formula for firemen—an offer which the union was urged to pursue at Friday's meeting with TUC leaders—it is evident that members of the FBU executive still feel strongly bound by their conference demand for more money now.

One possible way out of the stalemate—a recall of the conference on a report-back basis, without any executive recommendations—is not under consideration at this stage.

● Teachers would not be the victims of a pay policy operated rigidly in the public sector and not in the private sector, Mr. Fred Jarvis, general secretary of the National Union of Teachers, said last night.

The NUT would be asking for "not less than the going rate" when it submitted its pay claim next year and that would include settlements in the public sector, many of which were already over 10 per cent.

Racialism could cost jobs

By Our Labour Staff

BRITAIN'S third largest union said yesterday that any of its officials or shop stewards who promoted "the racialist views of the National Front" and similar parties could lose their jobs.

The national executive of the General and Municipal Workers' Union, meeting in Glasgow, said that its decision did not mean "a crude political ban on any party affiliation of members." However, National Front views were "diametrically opposed to every fundamental principle of trade unions."

Mr. David Basnett, general secretary, said afterwards that the GMWU had no special problem of infiltration by members of the National Front. The warning was directed at those who might misuse their official position by linking the GMWU with racialist policies.

Engineers plan to win Forces

THE EXECUTIVE of the Amalgamated Union of Engineering Workers yesterday decided in London to ask shop stewards on the industrial side of the Civil Service who often work beside Servicemen to "make approaches" to them as part of a recruiting drive.

The union initiative among Servicemen awaiting demobilisation was started by remarks of Mr. Fred Mulley, Defence Secretary, indicating that the Government had no objection in principle to troops belonging to unions. The union wants further talks with the Minister.

Gormley rules out pit worker directors

BY OUR LABOUR STAFF

THE IDEA of worker directors for the coal industry was dismissed yesterday by Mr. Joe Gormley, president of the National Union of Mineworkers.

The union already had considerable influence at top level with the National Coal Board, but it should take more part in management at local level, Mr. Gormley said.

He told a two-day NUM forum in Harrogate on industrial democracy that the union was not seeking to take away colliery managers' responsibilities.

Mr. Clifford Shephard, Board member for industrial relations, said that he did not believe that pits could be managed by committees.

The conference is not empowered to make policy decisions.

Safety guide published

PROPOSED guidelines for employers on giving time off for training of trade union safety representatives were published yesterday by the Health and Safety Commission. The regulations come into force on October 1 next year. A code of practice is being prepared for the same date.

Extending ACAS role is key to cutting strikes, says Jones

BY PAULINE CLARK, LABOUR STAFF

MR. JACK JONES, general secretary of the Transport and General Workers Union, called last night for an extension of the role of the Advisory, Conciliation and Arbitration Service as a key aid to a reduction in the number of strikes.

But,in his Richard Dimbleby Lecture for the BBC, Mr. Jones gave a warning of delays, frustration and ill-feeling which was putting the service "in real danger" of being undermined.

Describing a negative attitude towards conciliation and arbitration as "industrial sabotage," he referred particularly to the failure of some prominent politicians, influential industrial organisations and enemies of trade unions to support the findings of the Scarman inquiry into the Grunwick dispute.

Mr. Jones, who is leader of Britain's biggest trade union, now claiming about 2m. members, and one of the most well-known an dexperienced union campaigners of this century, was echoing industrialists' appeals for industrial peace at a time when the Government is stretched to sustain economic recovery.

He emphasised, however, that it was no use condemning a strike unless something was put in its place. This should allow grievances to be ventilated and cases to be presented properly with the prospect of impartial examination and possible solution round the corner.

The maintenance of peaceful industrial relations was more important and more urgent than a further period of pay restraint.

Workers with strong grievances must be able to press their case. They would resort to strike action if this were the only avenue open to them.

But if impartial and voluntary arbitration were available they would allow their unions to use it in many cases. The key factor however was "confidence and respect" in the conciliation and arbitration system.

The unfavourable reaction to the Scarman Inquiry once again destroyed this kind of confidence. Meanwhile, the "vital" ACAS service was becoming dangerously bogged down with work.

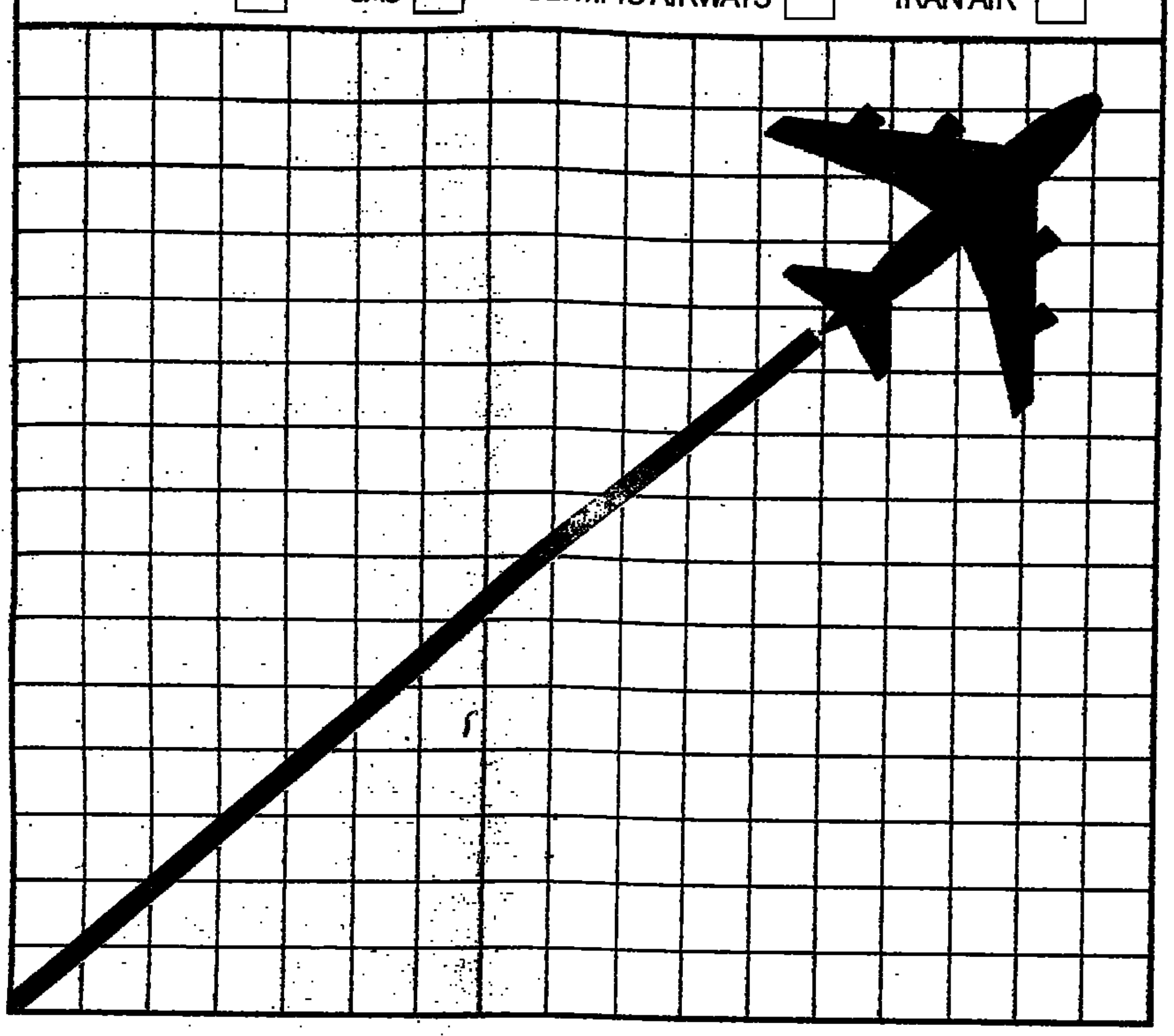
There were long delays in dealing with claims for unfair dismissals, against low wages and on issues of trade union recognition.

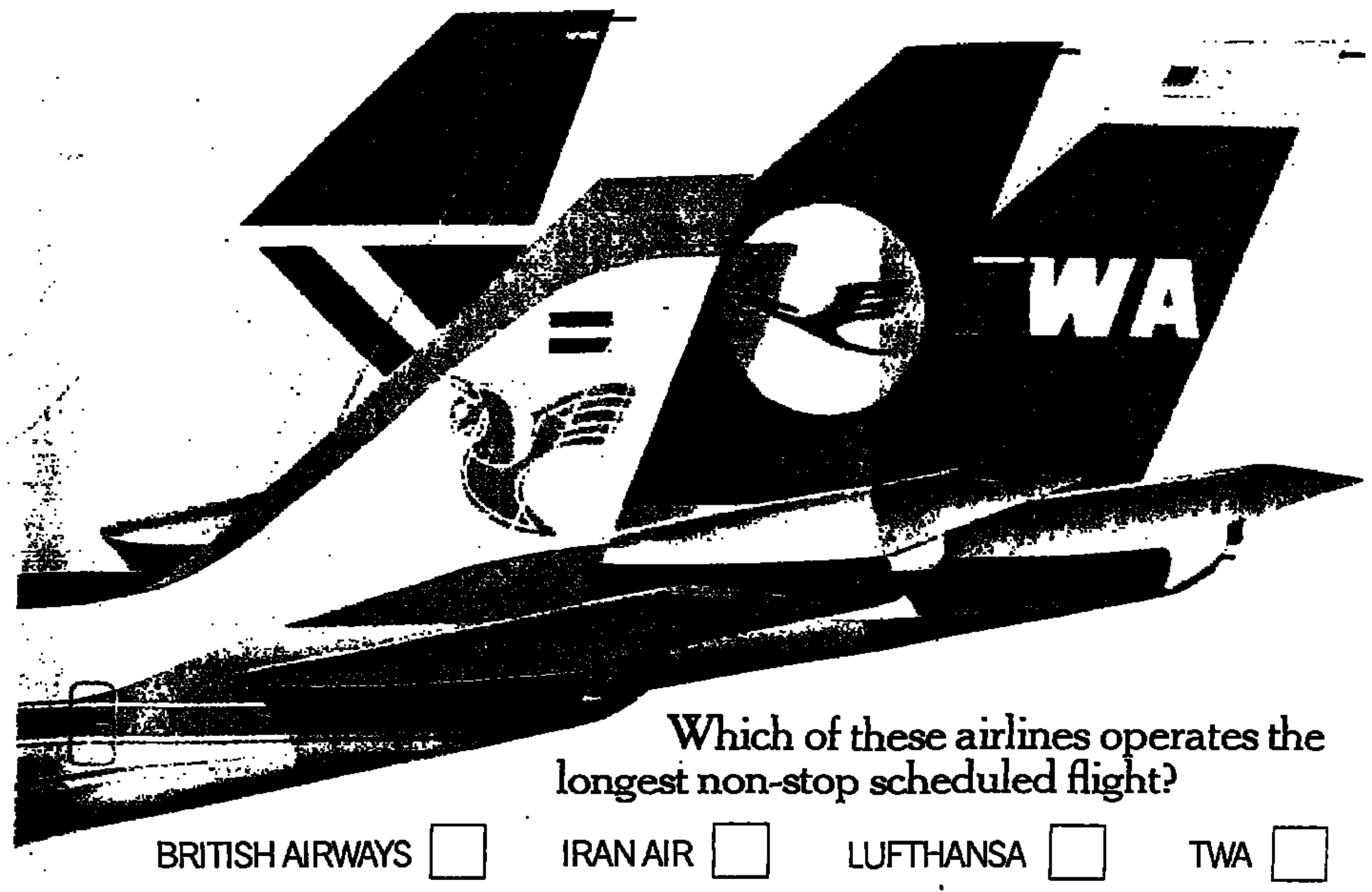
In the interests of the community, opportunities for such services should be extended quickly and with vigour.

"Compared with the vast sums of money spent by management on the huge army of consultants, the cost involved in strengthening them is a drop in the ocean," Mr. Jones said.

Guess which is the world's fastest growing airline?

SWISSAIR ☐ SAS ☐ OLYMPIC AIRWAYS ☐ IRAN AIR ☐





Which of these airlines operates the longest non-stop scheduled flight?

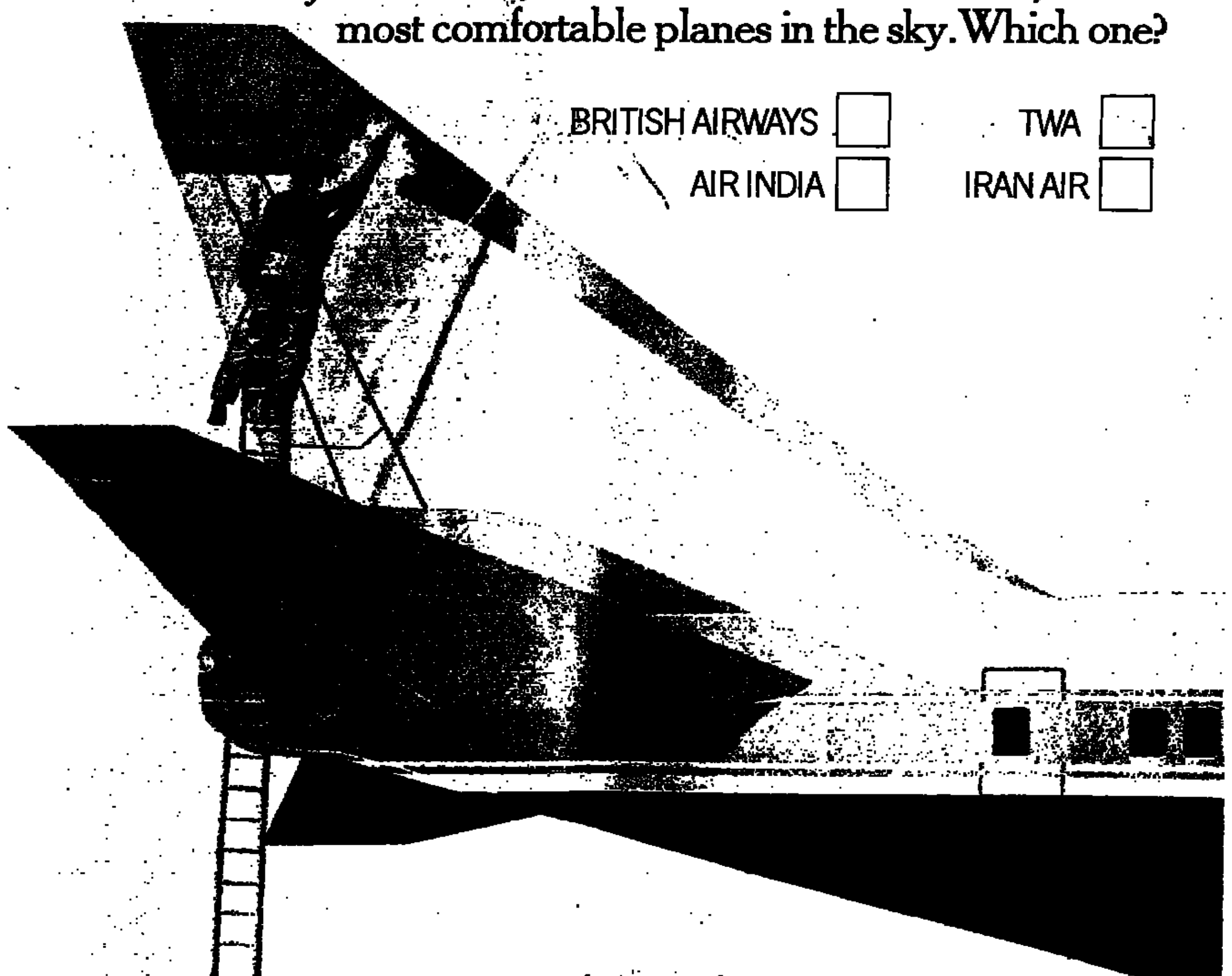
BRITISH AIRWAYS ☐ IRAN AIR ☐ LUFTHANSA ☐ TWA ☐

Only one of these airlines flies to London, Moscow, Peking, Tokyo and New York. Which is it?

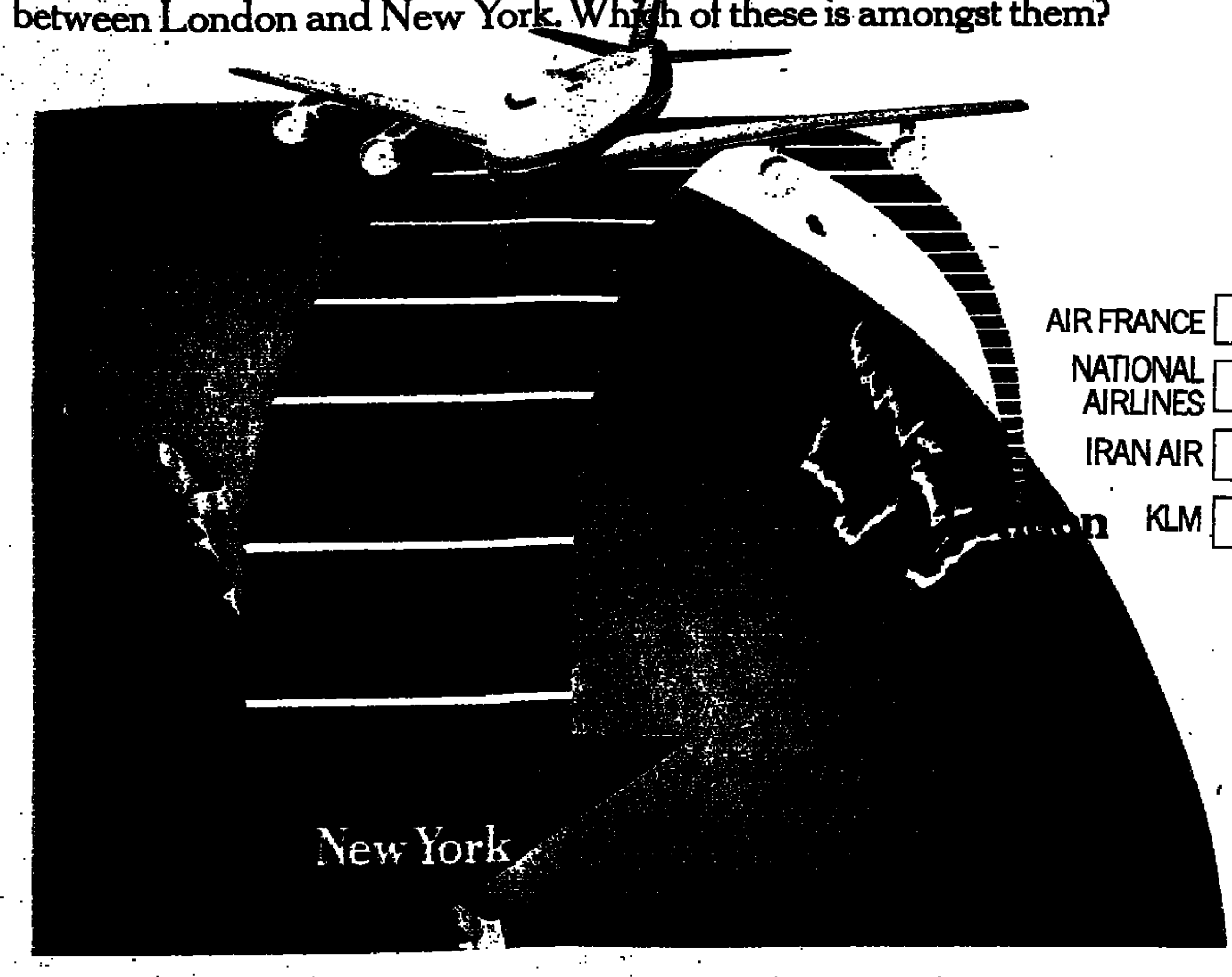
PAN AM ☐ LUFTHANSA ☐ BRITISH AIRWAYS ☐ IRAN AIR ☐

Only one of these airlines flies the new 747SP, one of the most comfortable planes in the sky. Which one?

BRITISH AIRWAYS ☐ TWA ☐
AIR INDIA ☐ IRAN AIR ☐



There are only six airlines that operate a scheduled service direct between London and New York. Which of these is amongst them?



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NATIONAL AIRLINES ☐
IRAN AIR ☐
KLM ☐

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Including, by the way, London, Moscow, Peking, Tokyo and New York.

What's more, we're the only airline flying London–New York that can offer you a choice of Jumbos. The latest 747-200B.

Or the new 747SP.

The same plane we fly from New York to Tehran, one of the longest non-stop scheduled flights ever.

Over 6,200 miles. A distance the 'Special Performer' Jumbo covers with ease.

Because it flies a mile above normal air routes. A mile above the bad weather.

Making it one of the most comfortable planes in the air.

And that's not pie in the sky. It's a fact. Like everything else on this page.

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PARLIAMENT and POLITICS

Foot rejects 'Tory catcalls' over Polish shipping order

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT has nothing to hide over the financial details of the £115m. Polish shipping order, which has been placed with British yards, Mr. Michael Foot, Leader of the Commons, assured MPs yesterday.

Standing in for the Prime Minister, who was absent in Brussels, Mr. Foot came under heavy pressure from the Conservatives, who were extremely critical of the lack of public information about the transaction, particularly on the subsidy and the penalty clauses involved.

The Opposition also launched an attack over the decision of the National Enterprise Board to take over most of the engineering interests of Fairey, the aviation and engineering group, despite a counter-bid from Mr. Victor Matthews, chief executive of Trafalgar House.

But Mr. Foot firmly defended the action of the NEB and emphasised that it had always been the intention that the Board could acquire such a company if it thought it desirable.

Leading the attack over the Polish shipping deal, Mr. William Whitelaw, deputy leader of the Opposition, claimed that there was growing suspicion that the Government had something to hide. In these circumstances, he thought it essential that the Government should make an urgent statement.

Mr. Foot replied: "I don't believe there is anything to hide in it. I believe the House has wholly accepted it. If we didn't accept it, many more people would be thrown out of jobs."

The matter was pursued by Mr. Michael Grylls (C., Surrey NW), who demanded that the Leader of the House should be more forthcoming and that the Prime Minister or Mr. Eric Varley, Industry Secretary, should could to the House to explain what was happening over the contract.

In particular, Mr. Grylls called for far more information about the joint venture company that has been set up by British Shipbuilders and the Poles, in order to lease the completed ships to Poland. "Can you tell us how many British seamen are going to be put out of a job by British subsidies building up the Comecon merchant fleet?" he asked.

Mr. Foot told him: "No British workers will be put out of work and no British sailors put out of jobs. British shipowners could have available to them a similar kind of assistance."

He hoped that the House would be in favour of the successful conclusion of the negotiations because the jobs of many constituents depended upon it. The Government was not going to be deterred by the "catcalls" of the Tories.

The Conservative attack was renewed by Sir Geoffrey Howe, shadow Chancellor, who recalled that it had been several months since the Prime Minister had announced that the shipbuilding contract was about to be concluded and that details of the financial arrangements would be made known.

"Can you give an assurance that details of these arrangements will be made public, particularly as to the subsidy involved and the penalty clauses involved?" Sir Geoffrey demanded.

Cautiously, Mr. Foot gave him an undertaking that he would look into the question of what would be the most appropriate time to make a statement.

On the question of the NEB's successful bid of £20.5m. for the Fairey engineering group, Mr. Tim Renton (C., Mid-Sussex) wanted to know what the taxpayers were supposed to think about their money being used in this way when there was already a valid bid from a private sector company.

According to Mr. Renton, it was an "unacceptable extension of the business empire of civil servants and politicians."

But Mr. Foot retorted: "I do not think there was anything unacceptable about it. It was made clear that the NEB would be willing, in suitable circumstances, to invest in profitable industry. It is no departure from principles laid down previously."

He knew that Mr. Victor Matthews objected to the bid but thought that Mr. Matthews should spend more time trying to save the quarry which he owned in Mr. Foot's constituency of Ebbw Vale instead of trying to buy something else.

Mr. Jonathan Aitken (C., Thanet E.) alleged that many private enterprise companies wished to bid for parts of the Fairey empire but were being denied access to the accounts by the official receiver because the NEB was putting in a bid. "How can it be right for taxpayers' money to be spent in this way before all the bids from other companies had been considered?" he demanded.

Mr. Foot told him that the NEB had not been set up solely for dealing with industries which were in difficulties. The Board had been given a greater freedom than that and it was absolutely right and in the interests of the country that this was so.

BBC external chief tells of two halted broadcasts

BY CHRISTOPHER DUNN

THE BBC has bowed on two occasions in the last 10 years to Government pressure not to broadcast programmes, Mr. Gerard Mansell, deputy Director-General of the Corporation and managing director of external services, stated yesterday.

He was giving evidence to a Commons expenditure committee examining the Berrill report, which proposed cuts in BBC external services.

The first time was in June, 1967, just before the outbreak of war in the Middle East. The BBC was preparing to broadcast to Russia a programme on Svetlana Stalin's letters to a friend and transmission would have coincided with a visit by Mr. George Brown, then Foreign Secretary, to Moscow to discuss the Middle East situation.

The Russians intimated that such a broadcast would be seen as an "unfriendly act," adding that the talks would be jeopardised. Sir Hugh Greene, then Director-General, decided that the Corporation could not judge national events after the problem had been discussed at Prime Ministerial level. The programme went out 48 hours later.

The second occasion was "two or three years ago" when the BBC planned to broadcast an interview with Mr. David Martin, an African correspondent for the BBC, on his book on the life of General Amin of Uganda.

Foreign Office sources in Uganda stated that British lives would be at risk if the programme went out. After what Mr. Mansell described as "strong pressure" from the Foreign Office, the programme was postponed for three weeks. The Foreign Office was not consulted over the timing of the eventual transmission.

Mr. Mansell categorically denied that the BBC had recently "toned down" its broadcasts to Eastern Europe at the request of the Foreign Office during a period of detente. "There is no truth in this" he said.

Tribute to dead soldiers

DR JOHN GILBERT, Defence Minister of State, yesterday paid tribute to the two young soldiers who died earlier in the day on their way to fight a fire in Manchester.

He told MPs that the two men, one single and the other married with two children, were from the 1st Royal Irish Rangers, and added: "I am sure the House will wish to join me in expressing deep sympathy to their next-of-kin and other members of their families."

Dr. Gilbert said men from all three services providing emergency fire cover were carrying out their duties with conspicuous skill and courage and had prevented loss of life and damage to property. They were doing more than could reasonably be expected of them.

Replying to a Tory challenge on the living conditions of the troops, Dr. Gilbert said he had visited bases up and down the country and had found few complaints. In fact, many of the troops were reluctant to leave bases because they had made themselves comfortable.

Mr. William van Straubenzee (C., Wokingham) said that soldiers should be allowed the most sophisticated equipment, particularly breathing apparatus which was lying unused.

Dr. Gilbert said senior fire officers had repeatedly advised him that it would be dangerous for soldiers to use the breathing apparatus. It could give them a false sense of confidence.

Mr. Martin Flannery (Lab., Hillsborough) said troops should not be used as strike-breakers except in exceptional circumstances. This brought cries of "Disgraceful" from Tory MPs.

Dr. Gilbert said he agreed with Mr. Flannery. "They are not being used as strike breakers, but to save lives."

Smith discounts fears of conflict over Scottish Assembly finance

BY IVOR OWEN, PARLIAMENTARY STAFF

PREDICTIONS that finance will become a major source of conflict between the proposed Scottish Assembly and the Government at Westminster were discounted by Mr. John Smith, Minister of State, Privy Council Office, when the committee stage of the Scotland Bill was resumed in the Commons last night.

One of the leading opponents of devolution, Mr. Ian Sproat (C., Aberdeen S) forecast that dissatisfaction with the block grant allocated by the U.K. Government would lead the Scottish Executive in Edinburgh to seek to borrow from abroad.

Then, he claimed, taxpayers in other parts of the U.K. would find themselves financing the debts incurred by the Scots.

Mr. Sproat declared: "If we have a Scottish Assembly, it will seek every opportunity either to borrow money in this way or to harass the Government at Westminster to increase the money available to Scotland through the block grant."

Another leading critic of the Bill, Dr. Colin Phipps (Lab., Dudley W) supported this argument, and pointed out that the U.K. Parliament would always be in the position of having to bail Scotland out.

"This country could never afford to have a bankrupt Scotland," he said.

Mr. Smith refused to accept that the provisions in the Bill, particulardly Clause 23, which provides for certain powers to be operated concurrently by U.K. Ministers and Scottish Ministers, would be a source of conflict.

He was confident that it would be perfectely possible for a successful working relationship to be established between those concerned, even if different political complexions were involved.

The Minister maintained that none of the gloomy predictions which had been made had uncovered any essential weakness in the clause. Concurrent responsibility was necessary, he explained, to cover the position where powers deriving from the same Act would be operated by the Scottish Minister in respect of devolved matters, and by the U.K. Government in respect of reserved matters.

The clause was approved by 203 votes to 166, Government majority 37.

Race prosecutions call

AN MP URGED yesterday that 13 university or polytechnic student unions should be prosecuted for "banning Jewish societies."

Mr. Anthony Steen (C, Wavertree) asked the Attorney General to refer the activities of the 13 unions to the Director of Public Prosecutions, under the 1976 Race Relations Act.

Mr. Sam Silkin, Attorney General, promised in a written reply to consider any evidence placed before him of offences committed in England and Wales in circumstances where racial hatred was likely to be stirred up.

REPERCUSSIONS OF COMMONS VOTE ON CROWN AGENTS

Cabinet to study form of inquiry

BY PHILIP RAWSTORNE

THE CABINET is to review tomorrow the form of the inquiry into possible neglect or breaches of duty in the Crown Agents' losses of £212m.

Mr. James Callaghan, who returned from the EEC summit meeting in Brussels yesterday, and other Ministers, are said to be predisposed to meet the Commons demand for a public investigation.

Mr. Michael Foot, Lord President, told MPs yesterday that the Government would give careful and urgent attention to both the debate and the vote on Monday in which the Commons made it clear that it wanted a tribunal of inquiry to examine the affair.

"The House of Commons reached a most important conclusion," Mr. Foot acknowledged.

The Cabinet, which had proposed an informal and private inquiry by a committee under Sir Carl Aarvold, former Recorder of the City of London, is expected to announce its decision immediately.

Ministers have some difficult problems to resolve, it was pointed out yesterday. A tribunal of inquiry could take up to two years in its investigation. Witnesses appearing before such inquiries have traditionally been granted immunity from prosecution but proceedings have already begun against certain people in this case.

Preliminary discussions have not revealed any other possible form of investigation that would satisfy the Commons demand for public hearings by a body with powers to enforce the attendance of witnesses and call for documents.

Mr. Edward du Cann, Tory chairman of the Commons Public Accounts Committee, yesterday called for a wider inquiry into the whole system of Parliamentary control of Government expenditure.

"The systems of financial control are hopelessly out of date," he said in a BBC radio interview. "There should be an inquiry in detail into how Parliament fails to control expenditure."

An "elected dictatorship" of Government Ministers decided the level of expenditure in "cosy private sessions," he said. Backbench MPs should "rebel and change the system to make sure it is more effective and efficient."

Bill on company secretaries

By Margaret Reid

A PRIVATE Member's Bill providing for the professional qualification of company secretaries is being introduced in the Commons to-day by Mr. John Cockcroft, Conservative MP for Nantwich.

Mr. Cockcroft said yesterday that there was very considerable support in the Commons for the measure, which is also backed by the Institute of Chartered Secretaries and Administrators.

But there are fears that the Government is not keen on the proposal on the basis that there are already penalties in the companies law for any misfeasance.

Parliament, its powers and the will of MPs

BY RUPERT CORNWELL

MR. GEORGE CUNNINGHAM, the Labour MP for Islington South, is sadly one of the few people in the Commons who can be relied upon in a debate to put his finger unerringly on the real point, however painful it may be to the touch.

Mr. George Cunningham

He did it again in this week's riveting emergency debate on the misdeeds of the Crown Agents, which ended with the most crushing demonstration for years of the Commons' ultimate power over the Government.

The air had been thick with righteous indignation and heroic catch phrases like "the will of the people" and the "right to know"—and it may just be that the stunning victory of the legislature over the executive will mark the start of a genuine attempt by Parliament to regain historic powers of control that have been steadily surrendered.

The moment could hardly be more propitious. Three heavyweigth backbench Committees, on Expenditure, Procedure and Public Accounts, are now chasing, along different tracks, that same hare of making effective the accountability of Ministers and civil servants to the elected representatives of the people.

And nothing could serve their case better than the wretched tale of the Crown Agents, a perfect example of the mischief that civil servants can get up to when no one is looking; not to mention the alarming claim of Sir Harold Wilson of how Mrs. Judith Hart in 1972, as Opposition spokesman looking into the subject, came up against the "most formidable system of fortifications obstructing her progress that it is possible to conceive."

One might also wonder about the influence of civil servants, when as independent and Left wing-inclined a Minister as Mrs. Hart appears to toe to the Whitehall line in doggedly trying to keep the Aarvol dinquiry private.

It is scarcely surprising that people are licking their lips at the prospect of senior men at the Bank of England, the Treasury and elsewhere, as well as former Government Ministers, wriggling under the arc lights of a full-scale public tribunal.

Nagging

But, lest the self-congratulation at Westminster becomes too cloying, let us listen to what Mr. Cunningham had to say on Monday when he identified not Whitehall, the City or any other of Labour's cherished punching-bags, but the Commons itself, as one of the main villains of the piece.

It is a pretty abject story as he tells it and one which merits being recounted in some detail.

Mr. Cunningham had been nagging away at the Crown Agents ever since the first Press reports in 1970 on their extra-curricular activities; and on October 17, 1973, he finally wrote to the Commons committee which shadows the Overseas Development Ministry asking it to investigate. On December 5, that year, it voted to do so, but only narrowly to give the matter precedence over — not — the momentous question of rural development in Katmandu.

He recalls the difficulty of getting someone efficient from the Commons Library to do a little research, and the implicit disdain of the first officials interrogated over the Crown Agents' affairs that the whole thing was really none of Parliament's business.

After just two hearings, the committee voted on May 13, 1974, to suspend its inquiries, largely as a result of the change of Government and the return of the much-respected Mrs. Hart to the Ministry. On May 22, a crucial secret meeting at the Treasury determined that the Agents were as good as bust, just nine days after the relevant Parliamentary committee had bowed to the greater wisdom of Whitehall to sort out the tangle.

Thus did the Commons investigate the Crown Agents and not until nearly ten years after their misadventures began was the subject properly debated in the House.

No one disputes that part of the problem has been the peculiarly blurred status of the Crown Agents whether they were civil servants, like any others, who precisely were they reponsible to, and so on. But, inevitably their achievement in losing over £200m. of public money has contributed to the frantic search at Westminster for more effective methods of scrutiny.

There has been the report of the expenditure committee on the Civil Service whose recommendations its chairman Mr. Michael English, MP, is now fighting to see implemented. The procedure committee may pronounce shortly on how to streamline the workings of Parliament, so that it can do its job better. Finally, there is the public accounts committee whose reports into Whitehall's ways with taxpayers' money generally cause a flutter in one or two bureaucratic dovecotes.

Mr. Edward du Cann, MP, its chairman, has put forward the most comprehensive scheme yet for revamping the Commons' committee structure, involving a merger of his committee, that of Mr. English and that dealing with the nationalised industries. Under this umbrella, would come a string of "monitoring committees" to look after each department, backed by a reinforced exchequer and audit department—a body which, incidentally, did not cover itself with glory over the Crown Agents.

The existing system certainly has defects, not least that Select committees technically, though not necessarily in practice, have to be renominated by the Government at the start of each session. Many MPs would favour making them virtually permanent along the lines of their much respected American counterparts, as well as substantially increasing the back-up resources at their disposal. It is hard to imagine a U.S. Senate subcommittee casting desperately around its Library staff for a research assistant.

But the nub of the problem surely lies in the reluctance of the Commons to employ the very considerable powers it possesses. A committee, indeed, is no bad forum for a major inquiry.

Sittings can be in public or in private; witnesses can be subpoenaed and forced to answer questions; and the committee has the choice of reporting either regularly or only at the end of the proceedings. It can also choose how much to publish.

Somehow, though, things do not work out like that. Three weeks ago, BSC chairman, Sir Charles Villiers, blithely told the committee carrying out emergency hearings into the steel industry that he would not reveal his thinking on what reorganisation of the corporation was needed to cut its colossal losses. On the grounds that grown-ups know best, the committee demurred.

With a will like that, no wonder the Crown Agents made so merry for so long.

Post Office to issue new stamps

NEW STAMPS for Scotland, Wales and Northern Ireland will be issued by the Post Office on January 18. They will be in values of 7p and 9p and 10½p for letters to Europe.

All nine stamps will have the same basic design as the corresponding values in the national range of definitives, with the usual inclusion of the Scottish Lion, the Welsh Dragon or the Red Hand of Ulster.

The 7p and 9p stamps will be the same red-brown and blue as the national ones.

The 10½p stamp, however, will be printed in steel blue. The U.K. 10½p stamp, now yellow, is to change to steel blue on April 26, when stocks of the yellow stamps will be withdrawn.

Amnesty total

MORE THAN 1,600 illegal immigrants from the Commonwealth and Pakistan have been allowed to stay in Britain under the amnesty announced three years ago Home Secretary, Mr. Merlyn Rees, said in a Commons written reply.

APPOINTMENTS

Tate & Lyle senior finance executive

Mr. James Forbes has been appointed a senior executive director of TATE AND LYLE. He will be a member of the group policy committee with special responsibility for finance and is expected to take up his new post at the end of April next year. Mr. Forbes is at present finance director of Cadbury Schweppes which has close trading relations with Tate and Lyle. His appointment has the approval of Cadbury Schweppes.

★

Mr. P. E. Leslie, general manager, Barclays Bank International, has been appointed chairman of the executive committee of the BRITISH BANKERS' ASSOCIATION from January 1. He succeeds Lord Kindersley, an executive director, Lazard Brothers and Company, who will then have completed the normal two-year term of office. Both Lord Kindersley and Mr. Leslie have served in their turn as deputy chairman of the executive committee which has enabled them to maintain over a four-year period continuity of contact on European Community matters.

★

Mr. J. H. Ritblat has been appointed property consultant to the DEBENHAM GROUP and has resigned from the Board of Debenhams (Properties). Mr. A. S. Noble, the director of Debenhams responsible for property matters, and Mr. J. W. Roberts, group property controller, have been appointed directors of Debenhams (Properties).

★

Mr. J. C. McNeill has been made chairman of directors and director of administration of the BROKEN HILL PROPRIETARY COMPANY following the retirement of Sir Ian McLennan. Mr. McNeill also becomes chairman of the larger subsidiaries in the BHP Group, including Australian Iron and Steel Pty, Hematite Petroleum Pty, and Dampier Mining. With Mr. McNeill relinquishing the position of managing director, Mr. B. T. Loton becomes chief general manager of BHP, and of the principal subsidiaries in the group. Mr. W. B. Burgess succeeds Mr. Loton as executive general manager steel division, and also becomes a member of the executive committee.

★

Mr. Nicholas F. Vale has been appointed managing director of CAMERON IRRIGATION COMPANY and Mr. Peter Van de Pol has been made export director. Both have responsibilities to Reed Irrigation Systems, a division of the Reed International Group, with Mr. Vale in charge of European affairs.

★

Sir Richard Trehane, chairman of the Milk Marketing Board from 1958 until July of this year, has joined the Board of the ALFA-LAVAL COMPANY. Sir Richard, who has just been re-appointed chairman of the EEC Advisory Committee for Milk and Milk Products, is also president of the Royal Association of British Dairy Farmers and the British Farm Produce Council. His directorships include Southern Television and the Rank Organisation.

★

The following changes have been made in the JOHN WADDINGTON group. Mr. Reg Cuff, main Board director, has taken over responsibility for international sales of the group's greetings card concerns in Dundee and Paris, and games units in Leeds and Tonbridge and the Far Eastern division. He is succeeded as managing director of Waddingtons House of Games by Mr. John Watson, marketing director. Mr. Jim Scott, group managing director (publishing), becomes chairman of Valentines of Dundee and Mr. Jim Galbraith, marketing and sales director has been appointed managing director. Mr. Ted Rundle, group managing director (packaging), previously managing director of Plastona (John Waddington), becomes chairman of the company. Mr. Ken Lunn succeeds him as managing director. At Subbuteo Sports Games, Mr. Jim Leng, at present general manager of Valentine and Sons International, takes over as managing director from Mr. Cuff. Mr. Tony Mason is made managing director of Waddingtons Limited from January 1. He is succeeded as managing director of Waddingtons Business Forms by Mr. Colin Cansfield. The group's label division at Gateshead is being formed into a new subsidiary from April 1 next year. Its chairman will be Mr. Rundle and Mr. Philip Brain, sales director of Waddingtons Limited, will be the new managing director.

★

Mr. W. W. Bullock is to resign as managing director of SCHAUMAN (U.K.) at the end of this year. A new managing director will be appointed from the parent company in Finland on January 1. Also from that date, Mr. J. B. Lewis will become deputy managing director of Schauman (U.K.) and Mr. A. B. Hall, managing director of Schauman Wood Services.

★

PYE OF CAMBRIDGE has made the following senior management appointments. Mr. Norman W. Ellis, director-general manager of Pye Electro-Devices, has become managing director of Pye Unicam. Mr. Bernard V. Sargeant, managing director of Egen Electric, will be managing director of Pye Electro-Devices from January 1.

★

Mr. Harry L. Freeman, Mr. C. Ramon Greenwood and Mr. Samuel J. Moss, have been promoted from vice presidents to senior vice presidents of AMERICAN EXPRESS COMPANY.

★

Mr. Michael Gourlay is to become general manager of PAISLEY BUILDING SOCIETY on January 1. He will succeed Mr. Robert Alexander, who is retiring from that position but will remain on the Board and will act as a consultant until March 31.

★

Mr. Gilbert Johnston, group planning director of J. C. BAMFORD EXCAVATORS, has become chief executive.

★

Dr. B. A. Wills has been appointed chief pharmacist at the DEPARTMENT OF HEALTH AND SOCIAL SECURITY from April 1, following the retirement of Dr. T. D. Whittet.

★

Mr. N. E. Borrett has resigned as a director of ALLIANCE PROPERTY HOLDINGS and ALLIANCE PROPERTY COMPANY to take up a new appointment with Morgan Grenfell Property Services.

★

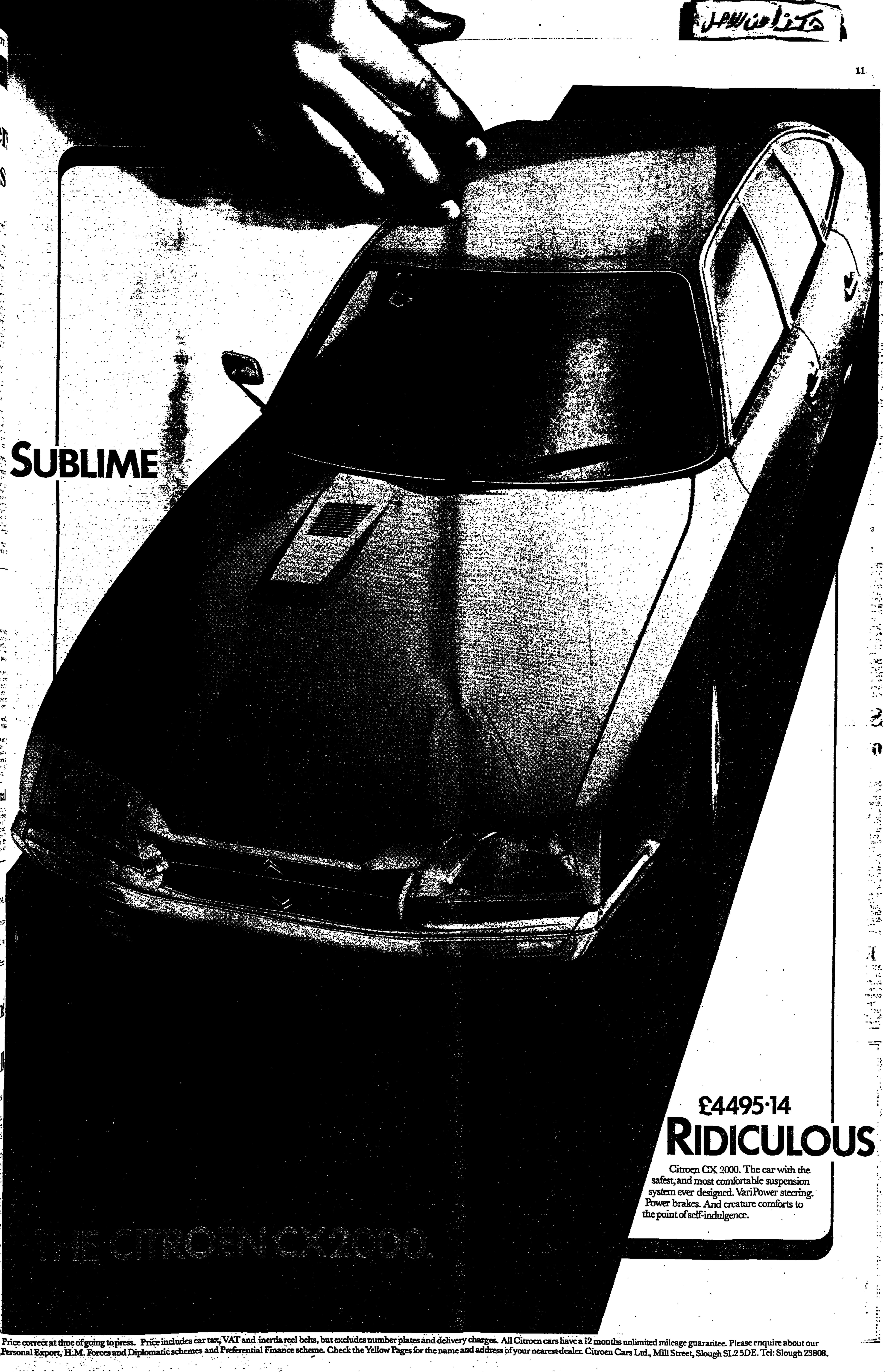
Mr. K. R. Evans has been appointed to the Board of FODENS as finance director. He joined the company as chief accountant in February, 1974.

★

The Secretary for Employment has appointed Mr. John Rolfe, a director of REMPLOY from January 1, with the executive position on the Board of group director, leather and textile products. He has been with Remploy since May 1973 and is at present company marketing manager. The vacancy is the result of the retirement of Mr. Leslie Finedon.

★

Mr. Ron Smith has been appointed a part-time member of the BRITISH TRANSPORT DOCKS BOARD from January 1. He will replace Mr. G. H. Lowthian, who leaves the Board at the end of the year having been a member since 1963. Mr. Smith has held a number of official and trade union posts. From 1967 until April this year he was a full-time executive member of the British Steel Corporation.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Citroen CX 2000. The car with the safest, and most comfortable suspension system ever designed. VariPower steering. Power brakes. And creature comforts to the point of self-indulgence.
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Advance promised in information storage

EXPERIMENTALLY, research staff at IBM's San Jose centre in the U.S. have built a tiny unit which can store some 5m. bits of information per square inch, or four to five times as much as currently available units of the same general type.

The family is called bubble memories, based on the fact that they store information through the presence or absence in a thin sheet of garnet of tiny cylinders of magnetism—"bubbles."

The advance scored by IBM is to reduce the required separation between the bubbles to about 1.5 microns, or very much less than the four to five bubble diameters—up to 25 microns—of to-day's devices.

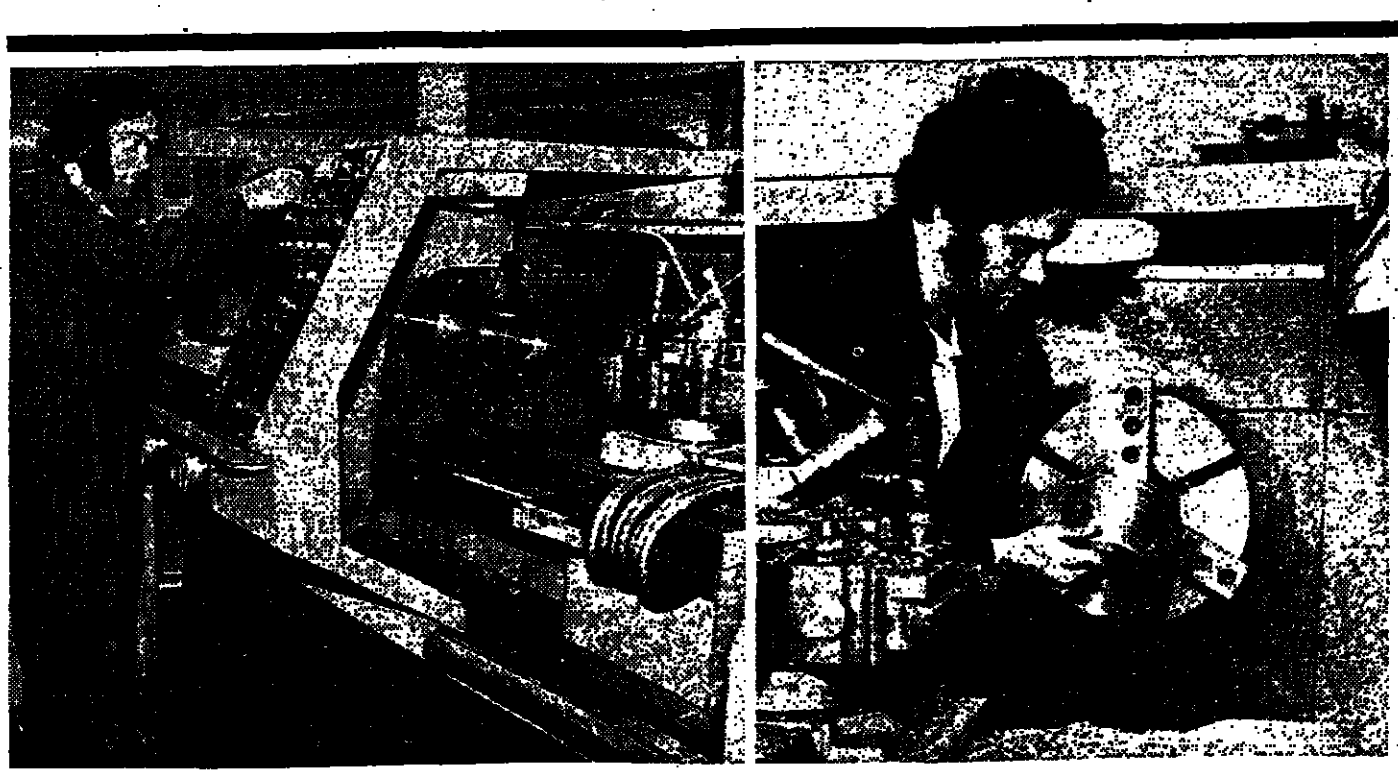
Different is the way in which the information is sensed since in the IBM device the bubble is always present, the domain wall around each bubble providing the "yes" or "no" signal required.

The experimental device stores only 1024 bits—a bubble memory recently marketed by Texas stores 64 k-bits—but since many market observers seem to think that bubble memory has a considerable future, the IBM development is of considerable importance, even though San Jose described the work as building a device to seek a fundamental understanding of the bubble lattice technology.

A totally different approach to information storage is the basis of a low-cost charge-coupled device serial memory put on the market by Plessey. It is a 64 kbyte single card memory with high packing density, low power consumption and is the first of a new series of memories in this technology.

Intended specifically for use with fast microprocessors, the unit can run at speeds up to 64m. bits per second data rate.

Further details from IBM at San Jose, Calif., U.S. Plessey Microsystems on Towcester (0327) 50312.



At the Wolverton works of British Rail Engineering faster set-up and throughput times, reduction of work handling, and higher labour utilisation are some of the advantages gained since the installation of the works' first NC lathe, a Hydro 540. A typical example is the complicated shape of a multi-strand V-belt pulley. On the left the component is shown in the chuck about to be machined, while on the right the operator is removing the finished pulley. This component previously took ten hours to machine, but can now be completed in four hours. Other examples include a thrust pad on which machining time has been cut from 45 to nine minutes, and a tapered screwed spigot. Machined from 63mm dia. billets, the latter previously took seven machining operations on three different lathes, and a total of 60.5 minutes—on the Hydro the work is completed in two operations in 9.2 minutes. BR says that machine utilisation of 80 per cent. is regularly being achieved. This lathe was chosen to carry out small batch work, with chuck loading and bar feed facilities up to 80mm, and 1,500mm between centres. The Wolverton factory, primarily a repair works, produces a wide range of ferrous and non-ferrous components ranging from nuts and bolts to axleboxes and bearings, and previously relied on automatics, which proved unsatisfactory for small batches and general versatility. Details of the NC lathe from Hydro Machine Tool Company, Colchester Road, Halstead, Essex CO9 2EU (07874 5121), a 600 Group company.

● RETAILING

Developing electronic weighers

CLOSE collaboration between an electronics instrument group on the one hand and weighing equipment experts on the other has resulted in the development of a price-computing weigher for the retail industry.

Gould Advance is supplying the electronics and Herbert and Sons the hardware and assembly support and the former has already taken £½m. worth of orders for the electronics alone.

Lion 3000 automatically weighs, computes and displays the price in under a second. Automatic totalisation of up to 99 individual weighings is available and metric/imperial conversion is simple.

Unit pricing is available up to £9.99½ per lb or up to £99.99½ per kilo and operation is from mains or from batteries.

Centre of the unit is a two-chip microprocessor set designed in collaboration between Gould and General Instrument Microelectronics. Interface with the weighing machine mechanisms is through an optical shaft encoder.

Eleven number keys are used to enter the price per unit weight. Other keys are available for functions such as clear display and so on.

Gould is developing similar systems with other makers of weighing equipment.

Gould Advance on 01-500 1000. Herbert and Sons on Haverhill 3551.

● HANDLING

Discharging bulk loads

DEVELOPED BY the Halloo Manufacturing Co., of Tillamook, Oregon, U.S., is a system claimed to be capable of unloading a bulk cargo from a 40 feet trailer in as little as 12 minutes.

Basis of the system is a "walking floor" consisting of hydraulically operated aluminium slats. When the cargo, such as grain, is to be unloaded, the slats move out several inches from the tail of the trailer, and shift the load.

The slats then return in sequence to their starting position. Every third slat moves in unison, while the remaining pairs stay motionless. The load drops from the slats as they retreat. The process is repeated until the load is completely discharged.

The technique has been designed for truck and trailer bodies which cannot be tilted for unloading, and has so far been installed in lengths up to 50 feet. According to Halloo, the system has further potential in industrial plant, for applications such as floor level conveyors and metering systems.

The extruded aluminium slats are supplied by Kaiser Aluminium—more from the company's U.K. office on 01-437 9777.

● MATERIALS

New high duty alloys

PRIMARILY IRON, nickel and cobalt-based, a range of high duty alloys that can be melted and cast in air, has been launched by the Superalloys Division of Union Carbide U.K.

The company says it currently supplies about a third of the U.K. market for vacuum induction melted casting alloys, representing an annual turnover of around £2.5m., and introduction of the new alloys will extend its range into general engineering for the manufacture of heat and corrosion resistant components made by investment casting.

Union Carbide says that the U.K. air melt alloys market is some three times the size of that for vacuum melt alloys, which are used for high duty applications in the aerospace and marine industries. Compared with European practice, applications for the investment casting process are about double in the U.S., which is an equivalent sized market, and the company therefore considers a rapid expansion in the use of the process is likely on the Continent.

The new alloys are being made by the Cronite Group's Foundries Division at Crewkerne, Somerset, under the technical supervision of Union Carbide. The alloys are available either as cast round bar 1¼ inches diameter x 12 inches long, or as open-cast 6½ kg. ingots. They are stated to meet the requirements of the Ministry of Defence and the Civil Airworthiness Authority.

More from Union Carbide U.K., Shepley Street, Glossop, Derbyshire SK13 9SA (04574 4351).

Keeps down the dust

SEALER for floors and walls which eliminates dust on varied cementitious and asbestos surfaces with little detraction from the natural appearance of the substrate is based on a polyacrylate copolymer emulsion.

It forms a clear resilient film which improves abrasion resistance and is resistant to many oils, fats, alkalis and mild acids.

The material cost can be as low as 9p per square metre. Providing the surface is sound and dry little or no preparation is required.

Because the coating cures fast large areas of floor may be sealed with two coats in one day and put into use the next. Application is by brush, roller or squeegee and tools may be cleaned out with water after use.

Quentsplass, Wetherby, West Yorkshire, LS23 7BZ. Boston Spa (0973) 843413.

● COMPUTERS

Preparing for a giant

BURROUGHS has added an important facility to its large-scale computer systems with the announcement of the attached Fortran processor, or AFP. Fortran is a widely used programming language for computer applications in science, engineering and research.

AFP can be linked to any of Burroughs B 6800, B 6700, B7800 or B 7700 general purpose computers to expand their Fortran processing power and it can execute Fortran programs at up to ten times the speed of the B 6807, for instance.

The world market for the AFP includes business companies universities, research centres and government organisations. Many of these have general purpose computers for central processing, data communications, distributed network operation, and data base management, but employ other computers or outside computing services for mathematical applications.

The design of the attached Fortran processor will enable users to expand to the Burroughs Scientific Processor (BSP) without reprogramming. The more powerful BSP is in the super-computer class and will be described in detail early next year.

This machine will have over 30 times the power of the AFP.

Further from Burroughs on 01-759 6522.

● PUBLISHING

Broadcasting the news

LAST WEEK'S IFRA conference in Vienna on electronic information media was evidence not only of widespread interest among European newspaper publishers in the potential of "screen newspapers" and data banks, but also of the intensely political atmosphere surrounding teletext development in Germany and of the technical and operational lead which Britain still has in this field.

The 220 delegates from all over Europe were treated to a colourful display of the charms of the U.K. Post Office's Viewdata system, live over the international telephone lines, and were only prevented from seeing the rival charms of ITV's Oracle by the industrial dispute at the British end, so that they had to make do with slides and a description. Nevertheless, these were the only two active teletext systems on show, apart from the closed circuit "screen newspaper" edited and continually updated by a team of British and German journalists on a Philips text display system for the edification of delegates.

The French Post Office is conjuring with three different versions of teletext, under the code names of Antiope, Tic-tac and Titan, all of them at this stage peculiar to the French, while the German Post Office has basically bought the British Viewdata system. But its market trial will not be held until 1980, some two years after the U.K. market trial opens towards the middle of next year.

The Germans cite as reasons for this delay both the need to arrive at European standards for teletext, and the need to gather together a large enough group of information providers, who may incidentally be able to use their own computers to supply the information, rather than rely on Post Office computers, as in Britain. Germany also has still to sort out various legal problems about the allocation of responsibility for its Viewdata service as between federal and state authorities.

The French post office has now shown an interest in talking about common standards. It seems keenest on its wide-band Antiope system, capable in principle of delivering up to 400 pages per second, but despite talk of a French "hypothesis" that is different to the British, in that it envisages one unified teletext system under one system of organisation, all three French ideas still seem to be at the laboratory stage.

Meanwhile, German manufacturers, publishers and broadcasters have been startled by the high level of interest shown in teletext by people attending the Berlin radio and TV show in August, at which the newspaper publishers showed their own "screen newspaper" as a rival to the TV networks' teletext. Some 70 per cent. of those interviewed said that video text would be useful, and 33 per cent. said they would certainly buy new equipment which displayed it. Over 20 per cent. said that it might reduce their newspaper reading.

But this was among people anyway motivated to attend such an *exhibition, and even they* hesitated a bit about the costs they might be prepared to pay. But the big issue for the German newspaper companies is their fear that teletext services run by the state broadcasting authorities may be the thin end of the wedge, eating into the private enterprise sector of news and information (that is, the Press) which in turn, as they see it, is an essential part of freedom of expression in a free society. Such is the interface between technology and politics.

REX WINSBURY

● COMPONENTS

Pressure valves

MUCH OF the piping and screwed fittings *normally needed* in port-connections when mounting control valves on hydraulic pumps and motors have been eliminated in the Flange Module range of pressure valves launched by Abex Denison.

Pressure controls are first on the market, and three sizes are currently available: ¾ inch (35 gal/min); 1 inch (50 gal/min); and 1¼ inch (100 gal/min) — these match SAE vane pumps sizes B, C and D. Maximum operating pressure is 3,000 psi.

The new units are made with bolt holes passing completely through the body, on the same centres as an SAE flange, so that several different units can be held together by one set of long bolts. Rubber O-ring seals are used to prevent leakage at the mating surfaces.

A typical compact control unit can be assembled by bolting together a check valve, pressure relief valve and flow control valve, directly to the discharge side of a pump — producing a smaller, lower weight, unit than conventional designs.

The pressure controls in the range are available for relief, *sequencing and unloading.* A check valve is also available. Flow controls will be introduced in a few months.

More from the maker at Victoria Gardens, Burgess Hill, Sussex RH15 9ND (04446 5121).

● PROCESSES

Sheets bent five ways

MADE IN Italy by Salvagnini Transferica, of Vicenza, is a sheet metal panel bender which can automatically produce up to five different bends per side on all four sides of rectangular panels. Each side can have a different bend pattern.

Pre-notched sheet is placed in the loading table. It is then centred and fed to the bender, and when the panel is complete it is automatically discharged.

Changing the bending pattern takes about 20 minutes, making the machine suitable for small and medium batches. Production rate depends on the number of bends, but is normally between 60 and 90 parts/hr.

Maximum panel size is 2,000 x 1,000 mm, and minimum is 450 x 250 mm. Further details from Lomir International, Whitchurch, Ross-on-Wye, Herefordshire HR9 6DJ (060081 777).

● TEXTILES

Wealth of data made available

SHIRLEY Institute has an agreement with Lockheed Missiles and Space Company, Inc., California, U.S., for the entry of the Institute's data base on world textile and related literature in Lockheed's dialog computer-based information network. *This is* being developed by Lockheed for "on-line" usage world wide and was recently offered in Britain.

Shirley's magnetic tape recorded data base has been compiled with the assistance of two U.K. sister research associations, Hatra and Wira, from 1970 onwards. It is currently supplied to organisations in Europe and the U.S. for use in internally operated computer-based information systems. The agreement with Lockheed extends its use for the first time into the area of "on-line" services whereby terminals connected to the public telephone system throughout the U.S., Europe, and elsewhere enable information seekers to search directly a large computer-mounted collection of data bases on most subjects sited in California, U.S.

The development of information systems and services has been conducted at the Shirley Institute under the leadership of Mr. R. Cumberbirch of Wilmslow, Cheshire who is Head of the Institute's Library and Information Department. In 1976 he was the recipient of the Professor Stanley Backer Award for outstanding contributions to textile information science, an award made by the Textile Information Users' Council of the U.S.

· Dr. Ken Ellis of Marple, Cheshire, has been responsible for the computer programming and systems development work using the National Computing Centre's ICL 1905 F computer in Manchester.

Shirley Institute, Didsbury, Manchester M20 8RX. 061 445 8141.

Deifinopits

This document contains particulars given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Henry Sykes Limited ("the Company"). It is not an invitation to any person to subscribe for or purchase any shares in the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which makes any statement herein misleading. Application has been made to the Council of The Stock Exchange for the issued Ordinary shares of the Company to be admitted to the Official List.

Henry Sykes Limited

(Incorporated under the Companies Act 1948 and registered in England—No. 864764)

Introduction

arranged by

Industrial and Commercial Finance Corporation Limited

Share Capital

Authorised £		Issued and fully paid £
100,000	in 7½ per cent. (now 5¼ per cent.) Cumulative Redeemable Preference shares 1979/84 of £1 each	100,000
3,750,000	in Ordinary shares of 25p each	2,132,695
£3,850,000		£2,232,695

Loan Capital and Other Indebtedness £

		£
The Company:	9 per cent. unsecured loan stock 1987/89	550,000
	Bank loans (secured):	
	Sterling	850,000
	French francs	564,812
		1,964,812
Subsidiaries:	9½ per cent. secured loan	225,000
	8½ per cent. secured loan	9,787
	9½ per cent. secured loan	30,000
	11⅞ per cent. secured loan	47,000
	Bank loan (unsecured)—French francs	56,481
		£2,333,080

In addition, at the close of business on 18th November 1977 the Company and its subsidiaries ("the Group") had outstanding secured and unsecured bank indebtedness of £533,875 and £22,987 respectively, had entered into guarantees in respect of the bank indebtedness of associated companies not exceeding £337,598 and had contingent liabilities in respect of bills discounted amounting to £47,660 and performance and tender bonds amounting to £1,126,604.

Amounts in foreign currencies have been translated into sterling at the rates of exchange ruling at the close of business on 18th November 1977.

Save as aforesaid and apart from intra-Group transactions neither the Company nor any of its subsidiaries had outstanding on 18th November 1977 any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities.

Directors

ANTHONY EVELYN HEPPER, C.Eng., M.I.Mech.E. (*Chairman*), 70 Eaton Place, London, S.W.1.

GORDON EDGAR THOMPSON, B.Sc.(Eng.), C.Eng., F.I.Mech.E. (*Managing Director*), 77 Elwill Way, Park Langley, Beckenham, Kent.

JOHN ANTHONY FARMER, F.C.A., 10 Rusthall Avenue, Chiswick, London, W.4.

REGINALD ALBERT GREEN, 38 Lily Hill Road, Bracknell, Berkshire.

JOHN WILLIAM LLEWELLYN-JONES, F.C.A., Chequertree, Kippington Road, Sevenoaks, Kent.

PETER JOHN MADGE, F.C.A., Arran Bank, 4 Brook Street, Tonbridge, Kent.

RONALD VICTOR PRICE, Cragg Wood House, Horsted Keynes, Sussex.

GEOFFREY WILFRED SCARLETT, F.C.A., Oak Tree Cottage, Burney Road, Westhumble, Dorking, Surrey.

Secretary and Registered Office
ALEXANDER FRANCIS POTTS, F.C.A., Sykes House, 445 Woolwich Road, Charlton, London SE7 7AP.

Bankers
NATIONAL WESTMINSTER BANK LIMITED, Borough Branch, 34 Borough High Street, London SE1 1YA.

Brokers
CAPEL-CURE MYERS LIMITED, Bath House, Holborn Viaduct, London EC1A 2EU and The Stock Exchange.

Solicitors to the Company
SLAUGHTER AND MAY, 35 Basinghall Street, London EC2V 5DB.

Solicitors to Industrial and Commercial Finance Corporation Limited
LINKLATERS & PAINES, Barrington House, 59-67 Gresham Street, London EC2V 7JA.

Auditors and Reporting Accountants
DELOITTE & CO., *Chartered Accountants*, P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX.

Registrars and Transfer Office
DELOITTE & CO., Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Trustees for the Unsecured Loan Stock
THE NORWICH UNION LIFE INSURANCE SOCIETY, Trustee Department, P.O. Box 4, Surrey Street, Norwich NOR 88A.

HISTORY AND BUSINESS

Introduction

The Company was incorporated as a private company on 23rd November 1965 under the name Sykes, Lacy-Hulbert Limited and was converted into a public company on the following day in order to effect a merger of Sykes Pumps Limited, then known as Henry Sykes Limited, and Lacy-Hulbert & Company Limited. The merger, which was accomplished by means of share exchanges, became effective soon afterwards. The Company and Sykes Pumps Limited adopted their present names on 26th November 1973.

Since the merger, the policy of the Company has been to develop the markets established by its main operating subsidiaries, particularly overseas, and to acquire other businesses with products complementary to those of the Group.

The Company, which acts solely as a holding company, has the following main United Kingdom operating subsidiaries:

Sykes Pumps Limited ("Sykes Pumps")

The business of Sykes Pumps dates back to 1857 when the founder, Henry Sykes, came from Yorkshire to London to set up an engineering concern which is believed to have been among the first to specialise in the hire of portable steam engines and other equipment to building and civil engineering contractors. It was incorporated as a limited company in 1897 and subsequently began to manufacture pumps and winches, the hire and sale of which had by the 1930s become the mainstay of the business.

Over the last 25 years, Sykes Pumps has developed a range of self-priming pumps from 2" to 12" diameter outlet which have powerful suction characteristics and are marketed under the trade names 'Univac' and 'Velovac'. These pumps, most of which are powered by Lister diesel engines, are capable of handling fluids, solids and slurries under the most arduous conditions; their manufacture, sale and hire now account for the bulk of Sykes Pumps' business. It also manufactures a range of winches which was broadened in 1976 by the acquisition of Thompson Bros. (Engineers) Limited.

Sykes Pumps' products are manufactured in factories located at Charlton in South East London and Coleford in Gloucestershire. It also markets a wide range of electro-submersible pumps manufactured outside the Group.

The hire fleet comprises approximately 2,800 units, consisting mainly of pumps, but also including a number of powered winches.

Active customer accounts exceed 5,000 and include the main U.K. civil engineering contractors, local and water authorities, petro-chemical companies, the National Coal Board and other concerns engaged in the mining industry. In addition, sales of pumps are made to other plant hire companies. No single outside customer accounts for more than 10 per cent. of total turnover. Sale and hire business is conducted from 35 depots, spread throughout England and Wales, which also provide an after-sales service. Scotland and Ireland are covered by three associated companies referred to below.

Sykes Pumps is constantly carrying out research and development so as to effect improvements to the performance of its products and to meet the needs of new markets.

Lacy-Hulbert & Company Limited ("Lacy-Hulbert")

Lacy-Hulbert, which was established in 1901, manufactures pneumatic equipment for the construction and processing industries and its products include a wide range of rotary and reciprocating vacuum pumps and air compressors most of which are sold under the trade name 'Boreas'. It is the sole supplier of vacuum pumps for incorporation into the Sykes Pumps range, and these account for approximately 20 per cent. of production. The remainder of its output is marketed through representatives in the U.K. and through distributors abroad.

Lacy-Hulbert's products are supplied to a wide variety of users, including manufacturers of printing, textile and office machinery, and in recent years the company has extended its interest in the medical field by the supply of vacuum and compressor plants for use in hospitals.

Sykes Construction Services Limited ("SCS")

SCS was incorporated on 31st December 1971 for the purpose of taking over the activity of wellpointing previously carried on by Sykes Pumps. Wellpointing is the process of lowering the ground-water level by inserting perforated tubes, known as wellpoints, into the ground and connecting them to pumps through pipe work systems. SCS is also a specialist contractor in motorway drainage and deep well drilling, and has established a range of services to the construction industry including the provision of equipment for the on-site pumping of concrete.

Whitehead Harbormaster Limited ("Whitehead")

Whitehead was acquired in July 1975 and manufactures industrial outboard marine propulsion units, giving a high degree of manoeuvrability, with engine capacities from 50 h.p. to 250 h.p. These are fitted to in-shore and river craft such as barges and ferries, and are marketed through distributors. Ultimate customers include harbour and governmental authorities. In 1976 some 36 per cent. of sales were directly exported to countries in the Middle East, with other overseas sales accounting for a further 42 per cent. of the total. This export achievement has been recognised by the Queen's Award for Industry 1977. Whitehead is also engaged in sub-contract engineering both for the Group and for outside customers.

The Company also has the following overseas operating subsidiaries:

Khansaheb-Sykes Limited ("Khansaheb")

Khansaheb commenced trading in March 1975 and operates in the United Arab Emirates as Sykes Pumps' distributor in that area. This company, which also successfully operates a pump hire fleet, has shown rapid development and is supplying equipment for many major contracts in the territory.

Pompes Sykes S.A. ("Pompes Sykes")

Pompes Sykes was incorporated in France in November 1976 to acquire from Richier S.A. the assets and goodwill of its pump business.

The primary activity of the business is the manufacture and distribution of recirculating self-priming pumps. The business is located near Paris and the products are distributed throughout France. Some 20 per cent. of its sales are for export.

Pompes Sykes' most important customers are engaged in the construction industry and the pumps it manufactures are broadly complementary to the Sykes Pumps range.

The following are associated companies of the Group:

Hewden-Sykes Pumps Limited became an associate in December 1971 and is owned by the Group and Hewden-Stuart Plant Limited. It is the sole distributor for Sykes Pumps in Scotland and hires and sells pumps from depots throughout that territory.

Sykes Pumps (N.I.) Limited was formed in December 1976 as a joint venture with John Graham (Dromore) Limited and acts as the sole distributor for Sykes Pumps in Northern Ireland, as well as operating a hire fleet in that territory.

Terra Sykes Pumps Limited became an associate in March 1977 and is owned by the Group and Tee Limited. It was formed to acquire the businesses previously carried on by a former subsidiary, Sykes Pumps Ireland Limited, and a former subsidiary of Tee Limited. The company acts as distributor for Sykes Pumps and operates a hire fleet from depots in Dublin and Cork.

Sykes Nass Dewatering Company W.L.L., a joint venture with two Bahraini partners, has recently been registered in Bahrain, in which area most construction projects require the lowering of the ground-water level.

GEOGRAPHICAL ANALYSIS OF SALES

The following table gives the geographical analysis of Group sales, including hire revenues, for the years ended 26th December 1976 and 28th December 1975:

	1976 £'000	%	1975 £'000	%
EEC countries excluding the United Kingdom	636	4	592	5
Africa	448	3	359	3
Middle East	2,074	14	608	5
Far East and Australasia	483	3	374	3
North America	141	1	170	2
Indirect exports	1,103	7	429	4
Total overseas	4,885	32	2,532	22
United Kingdom	10,315	68	9,090	78
	£15,210	100	£11,622	100

MANAGEMENT AND STAFF

Directors

Mr. A. E. Hepper, aged 54, was appointed Chairman in 1972. He joined the Group as an executive director at the end of 1971, having held senior management appointments within both the private and public sectors of industry. He is a non-executive director of Cape Industries Limited.

Mr. G. E. Thompson, aged 52, joined the Group in 1971 and has been an executive director of the Company since 1972. He was appointed managing director in 1976 and is also executive chairman of Sykes Pumps. He has wide experience of the engineering industry both in management and as a consultant.

Mr. J. A. Farmer, aged 37, joined the Group as chief accountant in 1973, was appointed finance director in 1974 and since November 1975 has been the director in charge of overseas operations.

Mr. R. A. Green, aged 54, has spent all his working life in the service of the Group. He has been an executive director since 1972 and is managing director of Sykes Pumps.

Mr. P. J. Madge, aged 43, joined the Group as finance director in 1976. His previous experience included financial appointments in the electronics, engineering and paper industries.

Mr. J. W. Llewellyn-Jones, aged 63, is a non-executive director and a practising Chartered Accountant. He joined the board in 1973.

Mr. R. V. Price, aged 64, joined the board as a non-executive director in 1974 prior to which he was a full-time management consultant. He is a non-executive director of Inbucon/AIC Management Consultants Limited.

Mr. G. W. Scarlett, aged 66, is a non-executive director and joined the board in 1972. He is a non-executive director of Industrial and Commercial Finance Corporation Limited, having been its general manager until his retirement last year.

The Chairman and all the executive directors have service agreements, details of which are set out under "General Information" below.

Senior executives

The most senior executives below main board level comprise the directors and managers of the operating subsidiaries, many of whom have spent at least 10 years with the Group and the majority of whom are qualified engineers or have other professional qualifications or degrees.

Employees

The Group employs some 1,500 people, of whom about 70 are employed overseas.

The Group recognises that future expansion requires high technical and administrative competence, and attaches importance to apprentice and management training by means of internal and external courses. The apprentice training scheme has been particularly successful in developing skilled craftsmen, a number of whom have remained with the Group for many years.

Labour relations within the Group are good and industrial disputes have not resulted in any serious loss of output over the last seven years.

The Group has pension schemes available to all eligible employees in the United Kingdom, and proposes to contract out of the State pension scheme.

WORKING CAPITAL

The directors are of the opinion that, having regard to bank facilities currently available, the Group has adequate working capital for its present requirements.

PROFITS

The Accountants' Report set out below shows the results of the Group for the five financial years ended 26th December 1976 and for the six months ended 26th June 1977. It will be seen that, from 1972 to 1976, sales increased from £5,420,000 to £15,210,000 and profit before taxation and extraordinary items from £308,000 to £1,775,000. In the same period, earnings per Ordinary share, before extraordinary items, increased from 2.1p to 10.4p.

The Group profit before taxation for the 26 weeks ended 26th June 1977 was £1,124,000 compared with £733,000 for the corresponding period in the previous year. Having regard to these results, to unaudited management accounts for the 13 weeks ended 25th September 1977, to current trading conditions and to the existing order position, the directors forecast that, in the absence of unforeseen circumstances, the profit of the Group before taxation and extraordinary items for the 52 weeks ending 25th December 1977 will be not less than £2,000,000. In his interim report, the Chairman stated that the exceptional advance shown in the first half year would be difficult to repeat. The directors consider, however, that the result forecast for the year confirms that the pattern of steady growth achieved over the past five years is continuing.

The assumptions on which the forecast is made are set out below under "Basis of Profit Forecast". Extraordinary items are expected mainly to comprise the expenses of the introduction.

DIVIDENDS

The directors intend in respect of the current financial year ending 25th December 1977 to recommend a final dividend of 2.65p per share, equivalent, with the related tax credit at the current rate, to 4.015p gross per share. This dividend is expected to be paid in June 1978 and, when aggregated with the interim dividend of 0.55p (0.833p gross) per share paid on 8th November 1977, would make a total dividend for the year ending 25th December 1977 of 3.2p (4.848p gross) per share.

The following table illustrates the appropriation of profits before extraordinary items on the basis of the above forecasts of profit and dividend:

	£'000
Profit before taxation	2,000
Less: Taxation estimated at 52 per cent. (including deferred)	1,040
Profit after taxation	960
Less: Preference dividends	5
Profit attributable to Ordinary shareholders	955
Less: Ordinary dividends of 3.2p per share	273
Retained profit	£682
Earnings per Ordinary share	11.2p
Cover for Ordinary dividend	3.5 times

Provided that the profit in respect of the 53 weeks ending 31st December 1978, after taxation and extraordinary items, is not less than that for the current financial year and that there is no change in the basis or rates of taxation, the directors intend to recommend dividends totalling 4.0p (6.061p gross) per share in respect of that period.

PROSPECTS

As shown under "Geographical Analysis of Sales", the major part of the Group's business is in the United Kingdom and it is expected that this will continue for the foreseeable future. The directors have pursued an aggressive export policy, and overseas sales, which have increased sixfold over the last five years, are expected to provide further substantial growth.

ACCOUNTANTS' REPORT

The following is a copy of a report by Deloitte & Co., Chartered Accountants:—

The Directors,
Henry Sykes Limited,
Industrial and Commercial Finance Corporation Limited

128 Queen Victoria Street,
London, E.C.4.

5th December 1977

Gentlemen,

We have examined the audited accounts of Henry Sykes Limited ("the Company") and its subsidiaries and associated companies for the periods relevant to this report. The Company and its subsidiaries are referred to as "the Group" in this report. All the subsidiaries have been wholly owned throughout the relevant periods except as follows:

(i) Whitehead Harbormaster Limited, together with its subsidiaries, Harbormaster Limited and Langham Works Limited, was acquired in July 1975 in exchange for the issue of 194,701 fully paid Ordinary Shares in the Company, and its results are included from that year onward.
(ii) Khansaheb-Sykes Limited was incorporated in the United Arab Emirates on 3rd March 1975, and its results are included from 1975 onward.
(iii) On 1st October 1976 the Group acquired the whole of the issued share capital of Thompson Bros. (Engineers) Limited, winch manufacturers, at a total cost of £340,000, and its results are included from that date.
(iv) In November 1976 a French subsidiary, Pompes Sykes S.A., was formed to acquire an existing pump manufacturing and distribution business. The cost of acquisition, including registration taxes, was Fr.Fcs. 5,520,000 (then equivalent to approximately £650,000) and was financed by French franc term borrowing. This company's results for the period 1st December 1976 to 26th June 1977 are included in the Group profit for the 26 weeks to 26th June 1977.
(v) Sykes Pumps Ireland Limited was incorporated in the Republic of Ireland in 1975, as a wholly-owned subsidiary of Sykes Pumps Limited. In March 1977 this subsidiary was transferred to Terra Sykes Pumps Limited in consideration for a 50% holding in that company. Up to that date results have been included herein as a subsidiary. The results of Terra Sykes Pumps Limited have not been included, owing to their insignificance in relation to the Group results.
(vi) On 22nd July 1975 the Group sold Sykes Pumps Inc., a United States based subsidiary, and this company's results have been included up to that date.
(vii) On 6th October 1976 the Group disposed of its 100% holding in N.V. Sykes S.A., a Belgian subsidiary, the results of which have been included up to that date.
(viii) On 24th November 1976 the Group contracted to sell its 33⅓% interest in Henry Sykes Pumps Australia Pty. Limited for a cash sum of £440,000. The Group's share of its results has been included as shown in profit and loss account note (d).

1. REPORT ON FINANCIAL INFORMATION

The information set out below is based on the audited accounts of the Group, after making such adjustments as we consider appropriate. The accounts of the Company and its subsidiaries have been audited by us or by our associated firms. The accounts have been prepared on the historical cost basis, modified to include the revaluation of certain assets, and in accordance with the appropriate accounting standards applicable to any part of the accounting periods dealt with herein.

In our opinion the information gives, on the accounting basis stated above, a true and fair view of the profits of the Group for the five years and six months ended 26th June 1977 and of the source and application of funds for the year ended 26th December 1976 and for the six months ended 26th June 1977, and of the state of affairs of the Company at 26th June 1977 and of the Group at the balance sheet date at the end of each of the years 1971 to 1976 and at 26th June 1977.

2. ACCOUNTING POLICIES

Basis of Consolidation

The annual accounts of the Group have been made up for fifty-two week periods to the end of December each year and interim accounts have been made up and audited for a period of twenty-six weeks to 26th June 1977.

The table of results and summarised balance sheets incorporates the accounts of all subsidiaries for each relevant period or since incorporation or acquisition or until disposal. The accounts include the Group's share of the post-acquisition profits of all material associated companies.

Rates of Exchange

All assets, liabilities and trading results of overseas companies and foreign currency balances have been translated into sterling at the appropriate rates of exchange ruling at each accounting date. All profits or losses arising on exchange have been taken to profit and loss account.

Depreciation

No depreciation is charged on freehold properties with the exception of permanent plant installed therein. It is estimated that depreciation on such properties on the basis of a 40 year life calculated on cost or valuation, as appropriate, would not have exceeded £50,000 in any of the full years under review.

The rates of depreciation used for fixed assets are as follows, the method being by equal annual instalments calculated on cost except where otherwise mentioned:—

Leasehold buildings over 40 years	— 2½% per annum on cost or valuation
Leasehold buildings under 40 years	— Equally over remaining period of lease
Permanent plant installed in buildings	— 5% per annum
Plant, machinery and fittings	— 10% per annum except factory equipment at 33⅓% per annum
Motor vehicles	— 20% per annum except internal transport which is written off over seven years
Hire plant	— 24% per annum on the reducing balance basis
Hire accessories	— By making a deduction for wear and tear based on an estimated useful life not exceeding three years.

Loose tools and patterns are revalued at the end of each accounting period.

Stock and Work in Progress

Stock and work in progress have been valued at the lower of cost, including an appropriate proportion of overhead expenditure, and net realisable value.

Deferred Taxation

Deferred taxation represents corporation tax on the excess of capital allowances for taxation purposes over the corresponding book depreciation and on stock relief and other timing differences, calculated at the rates in force when such differences arose, together with full provision for United Kingdom corporation tax on unremitted profits of overseas subsidiaries.

Deferred Government Grants

Government grants in respect of United Kingdom companies are credited to the profit and loss account at a rate consistent with that at which the depreciation charge on the relevant assets is computed.

Research and Development

Research and development expenditure, including the design and production of prototypes of new models and expenditure in respect of patents and trade marks, is written off as incurred.

Goodwill

Goodwill, comprising the premium on acquisition of subsidiaries and purchased goodwill, is deducted from reserves.

3. PROFIT AND LOSS ACCOUNTS

	Notes (a)	1972	1973	1974	1975	1976	Six months ended 26.6.77
		£'000	£'000	£'000	£'000	£'000	£'000
Sales	(b)	5,420	7,180	8,657	11,622	15,210	9,544
Cost of sales (including interest charges)	(c)	5,180	6,467	7,812	10,322	13,671	8,473
		240	713	845	1,300	1,539	1,071
Share of profits of associated companies	(d)	68	188	180	257	236	53
Profit before taxation and extraordinary items	(e)	308	901	1,025	1,557	1,775	1,124
Taxation	(f)	129	432	541	819	885	608
Profit after taxation		179	469	484	738	890	516
Extraordinary items	(g)	—	235	—	—	(142)	—
Profit after extraordinary items		179	704	484	738	748	516
Preference dividend paid or proposed	(h)	8	5	5	5	5	3
Profit available for equity shareholders		171	699	479	733	743	513
Ordinary dividend paid or proposed	(h)	42	96	107	119	133	—
Total profits retained	(i)	129	603	372	614	610	513
Earnings per ordinary share, before extraordinary items	(j)	2.1p	5.8p	6.0p	8.6p	10.4p	6.0p

Notes on profit and loss accounts:

(a) The accounts for the years 1972 to 1976 and for the six months ended 26th June 1977 have been prepared for the following periods:

Fifty-two weeks ended	31st December 1972
Fifty-two weeks ended	30th December 1973
Fifty-two weeks ended	29th December 1974
Fifty-two weeks ended	28th December 1975
Fifty-two weeks ended	26th December 1976
Twenty-six weeks ended	26th June 1977

(b) Sales comprise net sales and hire charges to customers outside the Company and its subsidiaries.

(c) Cost of sales includes:

	1972	1973	1974	1975	1976	Six months ended 26.6.77
	£'000	£'000	£'000	£'000	£'000	£'000
Interest charges	211	223	231	267	266	175
Depreciation	336	366	504	520	603	329

(d) Share of profits of associated companies comprises the Group's share of profits before taxation of the following associated companies for the periods specified:

	1972	1973	1974	1975	1976	Six months ended 26.6.77
	£'000	£'000	£'000	£'000	£'000	£'000
Henry Sykes Pumps Australia Pty. Limited (for the relevant periods ended three months before the Group accounting dates)	57	148	128	193	215	—
Hewden-Sykes Pumps Limited (for the relevant periods ended one month after the Group accounting dates)	11	40	52	64	21	53
	68	188	180	257	236	53
Included in the share of profits of Henry Sykes Pumps Australia Pty. Limited were exchange gains (losses) arising on translation into sterling as follows:	—	14	(20)	22	71	—

During 1976 the Group acquired a 47½% and a 40% holding in Sykes Nass Dewatering Company W.L.L. and Sykes Pumps (N.I.) Limited respectively, and in March 1977 acquired a 50% holding in Terra Sykes Pumps Limited. The results of these associates have not been included, owing to their insignificance in relation to the Group results. The amount included for the six months ended 26th June 1977 is based on unaudited management accounts of Hewden-Sykes Pumps Limited.

(e) Profit before taxation and extraordinary items includes the following net profit (losses) of companies which are no longer subsidiaries of the Group:

1972	1973	1974	1975	1976	Six months ended 26.6.77
£'000	£'000	£'000	£'000	£'000	£'000
(37)	(152)	(112)	(32)	(65)	2

(f) Taxation is based on the results of the Group for each period and consists of:

	1972	1973	1974	1975	1976	Six months ended 26.6.77
	£'000	£'000	£'000	£'000	£'000	£'000
Holding Company and Subsidiaries						
United Kingdom Corporation Tax	27	140	243	385	589	310
Overseas taxation	—	—	—	—	—	57
Deferred taxation	70	204	212	334	256	217
Prior period adjustments	—	—	—	—	(3)	(4)
	97	344	455	719	842	580
Associated companies						
United Kingdom Corporation Tax	4	20	29	22	7	28
Overseas taxation	28	68	57	78	36	—
	32	88	86	100	43	28
Total taxation	129	432	541	819	885	608

(g) Extraordinary items comprise the following and are stated after adjustments for taxation:

	1973	1976
	£'000	£'000
Profit on disposal of freehold property	292	—
Costs of defending take-over	(57)	—
Net loss on disposal of interest in a subsidiary and an associated company	—	(101)
Abor[illegible] acquisition costs	—	(41)
	235	(142)

(h) The rates of dividend per share paid by the Company in respect of the five years ended 26th December 1976 and the number of shares on which the dividends were paid were as follows:

	1972	1973	1974	1975	1976
Preference shares					
Number of shares	100,000	100,000	100,000	100,000	100,000
Dividends per share	7.50p*	5.25p	5.25p	5.25p	5.25p
*Gross amount					
Ordinary shares					
Number of shares	3,217,611	3,217,611	3,217,611	3,412,312	8,530,780
Dividends per share	1.31p	3.00p	3.32p	3.49p	1.56p
Dividends per share adjusted for capitalisation issue in May 1976	0.52p	1.20p	1.33p	1.40p	1.56p

No ordinary dividends were paid or declared in the period to 26th June 1977 in respect of the year ending 25th December 1977.

(i) Profit retained

	1972	1973	1974	1975	1976	Six months ended 26.6.77
	£'000	£'000	£'000	£'000	£'000	£'000
By holding company	—	—	4	1,000	(1)	—
By subsidiaries	92	506	280	(538)	603	494
By associated companies	37	97	88	152	8	19
	129	603	372	614	610	513

(j) Earnings per share have been calculated on the shares in issue at the end of each period adjusted for the capitalisation issue in May 1976 and on the consolidated profit of each period after taxation and preference dividends but before extraordinary items.

4. BALANCE SHEETS

Company 26.6.77		Notes	Group 2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	26.12.76	26.6.77
£'000			£'000	£'000	£'000	£'000	£'000	£'000	£'000
—	**Fixed assets**	(a)	2,849	2,987	2,979	3,204	4,464	4,887	5,139
4,298	**Interest in subsidiaries**	(b)							
—	**Interest in associated companies**	(c)	203	230	327	404	556	140	245
4,298			3,052	3,217	3,306	3,608	5,020	5,027	5,384
	Current assets								
—	Stock and work in progress		1,359	1,196	1,351	2,503	3,402	3,758	4,921
2	Debtors	(d)	1,612	1,884	2,482	2,509	3,343	4,992	5,403
6	Cash at bank and in hand		28	12	81	43	145	69	242
8			2,999	3,092	3,914	5,055	6,890	8,819	10,568
	Current liabilities								
29	Creditors		687	755	1,323	1,644	2,516	2,816	3,809
56	Current taxation		20	34	149	(50)	96	607	864
—	Bank loan and overdrafts (secured)		1,087	1,531	1,049	1,488	737	606	758
—	Short term loans		640	200	—	35	35	35	35
—	Dividend proposed		30	42	96	71	78	90	—
85			2,464	2,562	2,617	3,188	3,462	4,154	5,466
(77)	**Net current assets**		535	530	1,297	1,867	3,428	4,665	5,100
(1,988)	**Long term loans**	(e)	(942)	(930)	(915)	(839)	(1,760)	(2,400)	(2,376)
2,233	**Net tangible assets**		2,645	2,817	3,688	4,636	6,688	7,292	8,108
—	**Deferred taxation**		(173)	(243)	(508)	(1,090)	(1,551)	(1,948)	(2,253)
—	**Deferred Government grants**		(90)	(65)	(44)	(28)	(15)	(7)	(5)
2,233	**Attributable to shareholders of the Company**		2,382	2,509	3,136	3,518	5,122	5,337	5,850
	Representing:								
2,233	**Share capital**	(f)	904	904	904	904	953	2,233	2,233
—	**Reserves**	(g)	1,478	1,605	2,232	2,614	4,169	3,104	3,617
2,233			2,382	2,509	3,136	3,518	5,122	5,337	5,850

Notes on balance sheets:

(a) Fixed assets of the Group comprise:

	2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	26.12.76	26.6.77
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Freehold Properties							
At cost	367	365	375	414	102	263	305
At valuation 20th July 1969	1,156	1,156	947	947	—	—	—
At valuation 2nd December 1974	—	—	—	—	120	120	120
At valuation 15th July 1975	—	—	—	—	1,759	1,759	1,759
Accumulated depreciation	(79)	(108)	(125)	(159)	(91)	(101)	(108)
Net book value	1,444	1,413	1,197	1,202	1,890	2,041	2,076
Long Leasehold Properties							
At cost	22	22	22	26	26	90	119
At valuation 2nd December 1974	—	—	—	—	136	136	136
Accumulated depreciation	(2)	(3)	(4)	(4)	(5)	(7)	(9)
Net book value	20	19	18	22	157	219	246
Short Leasehold Properties							
At cost	43	41	43	51	87	97	71
At valuation 2nd December 1974	—	—	—	—	5	5	5
Accumulated depreciation	(9)	(10)	(13)	(18)	(26)	(31)	(28)
Net book value	34	31	30	33	66	71	48
Vehicles, Plant and Equipment							
At cost	809	821	911	1,062	1,522	1,903	2,131
Accumulated depreciation	(478)	(501)	(562)	(647)	(826)	(1,001)	(1,079)
Net book value	331	320	349	415	696	902	1,052
Hire Plant and Accessories							
At cost	1,536	1,880	2,203	2,525	2,583	2,755	2,855
Accumulated depreciation	(791)	(957)	(1,058)	(1,303)	(1,369)	(1,494)	(1,587)
	745	923	1,145	1,222	1,214	1,261	1,268
At net current replacement cost	275	281	240	310	441	393	449
Net book value	1,020	1,204	1,385	1,532	1,655	1,654	1,717
Total	2,849	2,987	2,979	3,204	4,464	4,887	5,139

The freehold and long leasehold property valuations in 1974 and 1975 were made by Debenham Tewson & Chinnocks, Chartered Surveyors, at open market value on an existing use basis.

Certain hire accessories are valued at net current replacement cost, since owing to the nature and volume of this equipment it is not practicable to ascertain the original cost.

(b) Interests of the Company in subsidiaries at 26th June 1977:

	£'000
Shares at cost	542
Amounts due from subsidiaries:	
Current accounts	1,626
Loans	2,130
	4,298

(c) Interests of the Group in associated companies:

	2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	26.12.76	26.6.77
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unquoted shares at cost	41	47	87	87	87	54	140
Share of post acquisition retained profits and relevant reserves	45	82	179	267	419	86	105
Loan accounts	117	101	61	50	50	—	—
	203	230	327	404	556	140	245

(d) During 1976 the 33⅓% interest in Henry Sykes Pumps Australia Pty. Limited was sold for £440,000; the proceeds together with the outstanding loan of £50,000 were included in debtors at 26th December 1976.

(e) Long Term Loans comprise:

	2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	26.12.76	26.6.77
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Holding Company							
9% unsecured loan stock 1987/89	550	550	550	550	550	550	550
Bank loans (secured):							
Sterling	—	—	—	—	850	850	850
French francs	—	—	—	—	—	15	588
	550	550	550	550	1,400	1,415	1,988
Subsidiaries							
9½% secured loan	330	313	295	278	260	242	242
8½% secured loan	12	12	11	11	11	10	10
10% loan	50	55	59	—	—	—	—
9¾% secured loan	—	—	—	—	36	33	30
11¾% secured loan	—	—	—	—	53	50	47
Liability for cost of acquisition subsequently financed by French franc borrowing	—	—	—	—	—	650	—
Bank loan (unsecured):							
French francs	—	—	—	—	—	—	59
	392	380	365	289	360	985	388
Total loans	942	930	915	839	1,760	2,400	2,376

The bank loan of £850,000 is subject to interest at 2½% per annum above the appropriate three-month or six-month London Inter-Bank offered rate ("LIBOR"), at the Company's option, and is repayable by 32 quarterly instalments of £25,000 commencing on 19th December 1977 with a final instalment of £50,000 on 19th December 1985.

The amount of £15,000 in 1976 represents Fr.Fcs. 125,000, which was the first drawing on a loan of Fr.Fcs. 5,000,000. The balance of Fr.Fcs. 4,875,000 was taken up in February 1977 when the French franc liability (equivalent at that date to £650,000) fell due. The loan is subject to interest at 2% per annum (2¼% after 1980) above the relevant LIBOR and is repayable by three annual instalments of Fr.Fcs. 750,000 on or by the last business day of October 1978, 1979 and 1980; two annual instalments of Fr.Fcs. 916,666 on or by the last business day of October 1981 and 1982, and the balance on or by the last business day of October 1983.

The 9½% secured loan is repayable by annual instalments of £17,500 with a final instalment in 1987 of £67,500 or, at the option of the subsidiary concerned, may be repaid in whole or in part at any time.

The 8½% secured loan is repayable by equal quarterly instalments of £112.50 terminating in 1999.

The 9¾% and 11¾% secured loans are both repayable by annual instalments of £3,000 terminating in 1987 and 1993 respectively.

The French franc bank loan to a subsidiary is subject to interest at a variable rate, and is repayable on or after 1st December 1978.

(f) Share Capital of the Company:

	2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	26.12.76	26.6.77
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Authorised	1,000	1,000	1,000	1,000	1,350	3,850	3,850
Issued and fully paid:							
Ordinary Shares of 25p each	804	804	804	804	853	2,133	2,133
7½% (now 5¼%) Cumulative Redeemable Preference Shares of £1 each	100	100	100	100	100	100	100
	904	904	904	904	953	2,233	2,233

An increase of £48,875 in the issued and fully paid capital in 1975 resulted from the issue of 194,701 fully paid ordinary shares as consideration for the acquisition of Whitehead Harbormaster Limited. The value placed on this acquisition was £214,170.

During 1976 the issued and fully paid capital was increased by £1,279,617, as a result of a 3 for 2 capitalisation issue of £379,230 from share premium account and £900,387 from retained profits.

(g) Reserves of the Group comprise:

	2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	26.12.76	26.6.77
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue reserves:							
At beginning of period	687	769	898	1,671	2,043	2,657	2,349
Retained profits	82	129	603	372	614	610	513
Applied in capitalisation issue	—	—	—	—	—	(900)	—
Transfer to goodwill	—	—	—	—	—	(18)	—
Transfer from surplus on revaluation of properties	—	—	170	—	—	—	—
At end of period	769	898	1,671	2,043	2,657	2,349	2,862
Share Premium Account	214	214	214	214	379	—	—
Surplus arising on revaluation of properties	419	419	249	249	899	899	899
	1,402	1,531	2,134	2,506	3,935	3,248	3,761
Less: Goodwill	—	—	—	—	—	144	144
Add: Capital reserve arising on consolidation	76	74	98	108	234	—	—
	1,478	1,605	2,232	2,614	4,169	3,104	3,617

The estimated amount of the liability for capital gains tax which might arise in the event of disposals of freehold and leasehold property at their revalued amounts is approximately £270,000, for which no provision has been made.

(h) There were contingent liabilities at 26th June 1977 consisting of:

	Company	Group
Guarantees to banks on behalf of subsidiary and associated companies	£867,000	£278,000
Obligations under performance and tender bonds and other contingencies		£997,000

(i) The Group had proposed capital expenditure at 26th June 1977 consisting of:

	£
Expenditure contracted for but not provided for	198,000
Expenditure authorised but not contracted for	31,000
	£229,000

5. STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

	Year ended 25.12.76	Six months ended 25.6.77
	£'000	£'000
Source:		
Group profit before taxation	1,775	1,124
Extraordinary items	(142)	—
Adjustments for items not involving the movement of funds:		
Depreciation	603	329
Profits before taxation of associated companies, less dividends	(99)	(47)
Other items	(16)	(5)
Total generated from operations	2,121	1,401
Funds from other sources:		
Long term loans	665	—
Proceeds of sale of an associated company including repayment of loan	—	490
Total source of funds	2,786	1,891
Application of funds:		
Net additions to fixed assets	1,026	572
Purchased goodwill	387	—
Tax paid, less recovered (see Note (a) below)	47	24
Dividends paid	126	92
Additional investment in associated companies	4	86
Repayment of long term loans	25	24
	1,615	798
Working capital movement:		
Stock and work in progress	356	1,184
Debtors	1,159	901
Creditors	(399)	(993)
	1,116	1,072
Total application of funds	2,731	1,870
Movement in net liquid funds:		
Increase (Decrease) in cash balance	(76)	173
Decrease (Increase) in bank borrowings	131	(152)
	55	21

Notes on statements of source and application of funds:

(a) Tax paid in 1976 is shown net of a repayment of £77,000, consequent on the final settlement of the capital gains tax liability on the disposal of freehold property in 1973.

(b) Included in the above figures are movements arising from acquisitions and disposals of subsidiary companies as detailed below:

	Year ended 25.12.76 Acquisitions £'000	Year ended 25.12.76 Disposal £'000	Six months ended 25.6.77 Disposal £'000
Fixed assets	204	(158)	(134)
Purchased goodwill	387	—	—
Stock	463	(42)	(30)
Debtors	188	(142)	(75)
Creditors	(84)	86	34
Bank borrowings	(52)	194	20
Taxation liabilities	(99)	—	—
Consideration:			
Cash	1,005	(62)	(120)
Shares	—	—	(65)
	1,005	(62)	(185)

6. ACCOUNTS

The accounts for the twenty-six weeks ended 26th June 1977 will not be laid before the shareholders in general meeting. No audited accounts of the Company or any of its subsidiaries have been made up in respect of any period subsequent to 26th June 1977.

Yours faithfully,
DELOITTE & CO.
Chartered Accountants

BASIS OF PROFIT FORECAST

1. Principal Assumptions

The forecast of profit before taxation and extraordinary items of the Group for the 52 weeks ending 25th December 1977 of not less than £2,000,000 set out under "Profits" above includes results shown by audited interim Group accounts for the 26 weeks ended 26th June 1977 and by unaudited management accounts for the 13 weeks ended 25th September 1977 and is made on the following principal assumptions:—

(a) foreign currency exchange rates will remain substantially unchanged from those ruling at the end of November 1977;

(b) trading results will not be unduly affected by industrial disputes, abnormal operating problems or major breakdowns of vital plant and machinery in the Group's works or those of its principal suppliers or customers.

2. Letters Relating to the Profit Forecast

(a) The following is a copy of a letter from Deloitte & Co., Chartered Accountants, relating to the forecast of consolidated profit of the Group for the 52 weeks ending 25th December 1977:—

5th December 1977

The Directors,
Henry Sykes Limited

Gentlemen,

We have reviewed the accounting bases and calculations for the profit forecast (for which you, as Directors, are solely responsible) of Henry Sykes Limited and its subsidiaries including the attributable share of profits of associated companies ("the Group") for the 52 weeks to 25th December 1977 which appears in the document to be dated 5th December 1977. The forecast includes results shown by audited interim Group accounts for the 26 weeks ended 26th June 1977 and by unaudited management accounts for the 13 weeks ended 25th September 1977. In our opinion the forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the footing of the assumptions made by you set out in the said document and on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,
DELOITTE & CO.
Chartered Accountants

(b) The following is a copy of a letter from Industrial and Commercial Finance Corporation Limited ("ICFC") relating to the forecast of consolidated profit of the Group for the 52 weeks ending 25th December 1977:—

5th December 1977

The Directors,
Henry Sykes Limited

Dear Sirs,

We have discussed with you and with Deloitte & Co. the forecast of the consolidated profit of Henry Sykes Limited and its subsidiaries for the 52 weeks ending 25th December 1977, which appears in the document to be dated 5th December 1977.

We consider that the consolidated profit forecast (for which you, as Directors of Henry Sykes Limited, are solely responsible) has been made after due and careful enquiry.

Yours faithfully,
For INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED
M. J. RICHARDSON

GENERAL INFORMATION

Capital History

On 1st December 1975 the authorised share capital of the Company consisted of £1,350,000 divided into 100,000 7½ per cent. (now 5¼ per cent.) Cumulative Redeemable Preference shares of £1 each and 5,000,000 Ordinary shares of 25p each of which all the Preference shares and 3,412,312 of the Ordinary shares were issued and fully paid up. On 11th May 1976 the authorised share capital was increased to £3,850,000 by the creation of 10,000,000 additional Ordinary shares of 25p each and 5,118,468 Ordinary shares of 25p each were issued credited as fully paid up by way of capitalisation of reserves.

Subsidiaries

The Company has the following operating subsidiaries, all of which are wholly owned:—

Name	*Place of incorporation*	*Date of incorporation*	*Issued capital*
Sykes Pumps Limited	England	18.12.1897	751,870 Ordinary shares of £1 each
Lacy-Hulbert & Company Limited	England	20.5.1921	188,654 Ordinary shares of £1 each
Whitehead Harbormaster Limited	England	9.8.1933	177,000 Ordinary shares of £1 each
Harbormaster Limited	England	3.5.1947	20,000 Ordinary shares of £1 each
Sykes Construction Services Limited	England	30.12.1971	5,000 Ordinary shares of £1 each
Khansaheb-Sykes Limited	United Arab Emirates	3.3.1975	100,000 Ordinary shares of 10 Dirhams each
Pompes Sykes S.A.	France	4.11.1976	5,000 shares of Fr.Fcs. 100 each

In addition the Company owns the entire issued capital of four dormant subsidiaries and of Henry Sykes Overseas Limited, which acts solely as an intermediate holding company for all overseas investments.

Associates

Name	*Place and date of incorporation*	*Issued capital*	*Percentage owned by the Group*
Hewden-Sykes Pumps Limited	Scotland, 1.8.68	5,100 'A' Ordinary shares of £1 each and 5,100 'B' Ordinary shares of £1 each	50%
Sykes Pumps (N.I.) Limited	N. Ireland, 5.11.76	4,000 'A' Ordinary shares of £1 each and 6,000 'B' Ordinary shares of £1 each	40%
Terra Sykes Pumps Limited	Republic of Ireland, 16.3.77	50,000 'A' Ordinary shares of £1 each and 50,000 'B' Ordinary shares of £1 each	50%
Sykes Nass Dewatering Company W.L.L.	Bahrain, 28.7.77	600 parts of 50 Bahraini Dinars each	47½%

Directors' and Other Interests

The interests of the directors, all of which are beneficial, in the share capital of the Company as they appear in the register maintained under the provisions of the Companies Act 1967 are as follows:—

	Ordinary shares
A. E. Hepper	22,000
G. E. Thompson	6,000
J. A. Farmer	8,250
R. A. Green	19,722
J. W. Llewellyn-Jones	—
P. J. Madge	—
R. V. Price	2,125
G. W. Scarlett	—

Save for the following, the directors are not aware of any shareholding which represents 5 per cent. or more of the issued Ordinary share capital of the Company:—

	Ordinary shares	%
ICFC	3,021,712	35.42
National Coal Board Superannuation Pension Fund	850,000	9.96
Hambros Bank Limited	650,000	7.62
Electra Investment Trust Limited	515,925	6.05

ICFC owns all the Preference share capital of the Company.

No director of the Company has or has had any interest, direct or indirect, in any asset which within two years before the date hereof has been, or which is proposed to be, acquired or disposed of by or leased to the Company or any of its subsidiaries and no contract, arrangement or understanding subsists in which a director of the Company is materially interested and which is significant in relation to the business of the Group as a whole.

Articles of Association

The following is a summary of the principal provisions of the Articles of Association of the Company.

RIGHTS ATTACHING TO PREFERENCE SHARES

(A) The Cumulative Redeemable Preference shares 1979/84 of £1 each ("Preference shares") confer upon the holders thereof:—

(i) the right to be paid a fixed cumulative preferential dividend at the rate of 7½* per cent. per annum on the capital paid up thereon; and

(ii) the right in a winding up or on a reduction of capital involving repayment to receive a sum equal to the capital paid up thereon together with a premium of 5p per share together also with a sum equal to any arrears or accruals of the said fixed dividend (whether earned or declared or not) calculated down to the date of repayment

in priority to any payment to the holders of any other class of shares but shall confer no further right to participate in the profits or assets of the Company.

* *By virtue of paragraph 18 of Schedule 23 to the Finance Act 1972 and of Section 46 of the Finance Act 1976 the annual rate of dividend has been effectively reduced to 5¼ per cent.*

(B) (i) The Company may redeem all (but not some) of the Preference shares at par together with all arrears and accruals of the fixed dividend thereon calculated down to the date of redemption on or at any time after 30th June 1979 upon giving to the holders thereof not less than one month's notice of its intention in that behalf.

(ii) If the Preference shares shall not have been redeemed earlier, they shall be redeemed on 30th June 1984 at par together with all arrears or accruals of the fixed dividend thereon calculated down to the date of redemption.

(C) The Company shall not without the consent or sanction of the holders of the Preference shares:—

(i) create or issue any further shares ranking either as to dividend or as to capital in priority to or *pari passu* with the Preference shares;

(ii) reduce its capital;

(iii) sell its undertaking or a substantial part thereof: or

(iv) make any alteration to the powers exercisable by the Board to borrow money and to create mortgages or charges.

(D) The Preference shares shall entitle the holders thereof to receive notice of but not to attend or vote at any general meeting of the Company unless:—

(i) at the date of the notice convening the meeting or, if the meeting is convened by or at the request of such Members as are mentioned in Section 132 of the Companies Act 1948, at the date of the deposit of the requisition mentioned in that Section, the dividend thereon is six months in arrear for which purpose such dividend shall be deemed to be payable half-yearly on 30th June and 31st December in every year; or

(ii) the meeting is held after 30th June 1984 and the Company shall have failed to redeem all of the Preference shares; or

(iii) the business of the meeting includes the consideration of any resolution directly and adversely affecting any of the special rights attached to the Preference shares.

In the event of the business of the meeting including a resolution of the kind mentioned in (iii) above, the right to vote shall be limited to the resolution or resolutions giving the right to attend the meeting.

VOTING

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member who is present in person at a general meeting of the Company shall have one vote, and on a poll every Member who is present in person or by proxy shall have one vote for every 25p nominal amount of share capital of which he is the holder.

MODIFICATION OF RIGHTS

All or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of the Articles of Association as to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be one or more persons holding or representing by proxy not less than one-third of the issued shares of the class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any meeting of such holders adjourned through want of a quorum one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum and for this purpose one holder present in person or by proxy may constitute a meeting.

BORROWING POWERS

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Board shall restrict the borrowings (as defined in the Articles of Association) of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (but as regards subsidiaries only in so far as by the exercise of such rights or powers of control the Board can secure) that the aggregate principal amount (including any fixed or minimum premium payable on final repayment) from time to time outstanding of all borrowings by the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to one and one half times the Adjusted Capital and Reserves (as defined in the Articles of Association).

A certificate or report by the Auditors for the time being of the Company as to the amount of the Adjusted Capital and Reserves or the amount of any borrowings or to the effect that the above limit has not been or will not be exceeded at any particular time or times shall be conclusive evidence of such amount or fact.

DIRECTORS

(A) A director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof). A director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement in which he is to his knowledge materially interested except as mentioned in the Articles of Association.

(B) The fee payable to each of the directors as such shall be determined by resolution of the Board provided that:—

(i) no executive director, or any director who is in the full-time employment of any subsidiary of the Company, shall be entitled to any such fees; and

(ii) the aggregate amount of the fees shall not at any time exceed a sum at the rate of £25,000 per annum or such higher rate as may from time to time be determined by ordinary resolution of the Company.

(C) The Board may from time to time appoint one or more of its body to hold any executive office or employment with the Company for such period and upon such terms as the Board may determine. An executive director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine.

(D) The Board on behalf of the Company may exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person, including any director or former director or the relations, connections or dependants of any director or former director, provided that no pension, annuity or other allowance or benefit shall be granted to a director or former director who has not been an executive director or held any other office or place of profit under the Company or any of its subsidiaries (or to a person who has no claim on the Company except as a relation, connection or dependant of such a director or former director) without the approval of an ordinary resolution of the Company.

(E) The Articles do not contain any provisions excluding or varying the operation of Section 185 of the Companies Act 1948 with regard to the age of retirement of directors or the election of directors after reaching a specified age.

Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into within the period of two years immediately preceding the date hereof and are or may be material:—

(i) dated 1st October 1976 between R. W. Thompson, V. A. E. Thompson, R. R. Thompson and W. C. Purdy (together called "the Vendors") (1) and Sykes Pumps (2) under which the Vendors sold to Sykes Pumps the whole of the issued share capital of Thompson Bros. (Engineers) Limited for £335,000 paid in cash;

(ii) dated 9th November 1976 between Richier S.A. (1) and Pompes Sykes (2) under which Pompes Sykes agreed to acquire from Richier S.A. that part of its undertaking which related to the manufacture and sale of recirculating self-priming pumps and certain assets relating thereto, in consideration of the sum of Fr.Fcs. 5,025,710 paid in cash;

(iii) dated 24th November 1976 between the Company (1) and Hanson Trust Limited (2) under which the Company agreed to procure the sale of Sykes Pumps' holding of 83,750 'B' class shares of £1 each in Henry Sykes Pumps Australia Pty. Limited ("Sykes Australia") for £440,000 in cash and the execution of a distribution agreement between Sykes Pumps and Sykes Australia;

and

(iv) dated 27th April 1977 between Henry Sykes Overseas Limited ("Overseas") (1) and Tee Limited ("Tee") (2) under which (a) Overseas agreed to sell the whole of the issued share capital of Sykes Pumps Ireland Limited to Terra Sykes Pumps Limited ("Terra Sykes") in exchange for the issue of 49,999 'A' Ordinary shares of £1 each in Terra Sykes, (b) Tee agreed to sell the whole of the issued share capital of Terra Plant Sales Limited to Terra Sykes in exchange for the issue of 49,999 'B' Ordinary shares of £1 each in Terra Sykes, (c) Tee and Overseas agreed to lend to Terra Sykes sums subsequently ascertained to be £21,809 and £46,331 repayable on specified dates up to 1st April 1997 and (d) Tee and Overseas agreed to procure that Terra Sykes entered into a distributorship agreement with Sykes Pumps.

Directors' Service Agreements

On 29th November 1977 A. E. Hepper, G. E. Thompson, J. A. Farmer, R. A. Green and P. J. Madge entered into service agreements with the Company under which each has agreed to serve in the capacity stated above for an initial period not terminable prior to 31st December 1981 in Mr. Hepper's case and 31st December 1980 in all other cases, at current annual salaries for Mr. Hepper and Mr. Thompson at the rate of £26,728 and £18,650 respectively and for the remaining directors at £39,162 in the aggregate. The agreements contain no entitlement to commission or other variable remuneration.

The aggregate emoluments of the directors in the year ended 25th December 1976 and the estimated amount for the current year are £101,045 and £121,339 respectively.

Premises

Details of the Group's premises are as follows:—

Address	*Tenure*	*Approx. floor area (sq. ft.)*
Group administrative headquarters		
445 Woolwich Road, Charlton, London, S.E.7.	Leasehold expiring 21st June 2011 at £40,000 p.a. until May 1979, then at £53,000 p.a. with reviews in 1981 and every five years thereafter.	12,200
Factory premises		
403/433 Woolwich Road, Charlton, London, S.E.7.	Freehold.	59,945
No. 2 Factory, Penhall Road, Charlton, London, S.E.7.	Freehold.	3,830
Tufthorn Avenue, Coleford, Glos.	Freehold.	32,120
Boreas Works, Richmond Road, Beddington, Croydon, Surrey.	Freehold.	49,760
Central Road, Templefields Industrial Estate, Harlow, Essex.	Leasehold expiring 25th March 2052 at £5,683 p.a.	26,110
4, 5 and 6 South Road, Templefields Industrial Estate, Harlow, Essex.	Leasehold expiring 29th September 1993 at £3,600 p.a. with option to break in 1979 and 1986.	5,810
Rowhedge Ferry Road, Wivenhoe, Colchester, Essex.	Freehold.	20,610
44/46 and 47/51 Boulevard Georges Clemenceau, Courbevoie, Hauts-de-Seine, France.	Leasehold expiring 1st October 1980 at Fr.Fcs. 52,000 p.a. with option to determine every three years and right to new nine year lease at expiry date.	17,060
Regional depots		
Edinburgh Avenue, Slough, Berks.	Freehold.	63,610
Middlewich Road, Sandbach, Cheshire.	Freehold.	32,520
Park Road Industrial Estate, Glass Houghton, Castleford, Yorkshire.	Leasehold expiring 18th April 2068 at £3,851 p.a. with rent reviews every 21 years.	15,740
3/4 Castle Vale Industrial Estate, Sutton Coldfield, Warwickshire.	Leasehold expiring 25th December 1990 at £8,100 p.a. Rent currently under review with further review in 1983.	15,830
Woodland Terrace, Maritime Industrial Estate, Pontypridd, Mid Glamorgan.	Leasehold expiring 19th August 2067 at £185 p.a.	5,800

Area and district depots

In addition to the above the Group occupies premises at 30 other locations as depots for the sale and hire of pumps and related equipment. Of these premises, two are held freehold, 20 on formal leases having aggregate annual rentals of approximately £57,000, and eight on short term tenancies having aggregate annual rentals of approximately £15,000.

General

1. The directors have been advised that the Company ceased to be a close company as defined in the Income and Corporation Taxes Act 1970 (as amended) after its accounting period ended 2nd January 1972 and that no material liability for income tax, surtax, estate duty or capital transfer tax is likely to fall upon the Company or any subsidiary.

2. No unissued share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

3. Save as disclosed herein:—

(1) no share or loan capital of the Company or, except for issues to other companies within the Group, of any of its subsidiaries has, within the two years preceding the date hereof, been issued or agreed to be issued or is now proposed to be issued for cash or otherwise;

(2) no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries within the said period of two years in connection with the issue or sale of any part of their respective share or loan capitals.

4. Without the prior approval of the Company in general meeting no material issue of shares (other than to shareholders *pro rata* to their existing holdings) will be made within one year from the date hereof, and no issue of shares will be made *which would effectively alter the control of the Company or the nature of its business.*

5. Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration proceedings of material importance, and the directors are not aware of any litigation or claim of material importance which is pending or threatened against the Company or any of its subsidiaries.

6.1 Mr. G. W. Scarlett is a director of ICFC which will be receiving a fee in connection with the introduction of the issued Ordinary share capital of the Company on The Stock Exchange.

7. The expenses of and incidental to the application for the share capital of the Company to be listed on The Stock Exchange are estimated at £108,000 exclusive of VAT and are payable by the Company.

Consents and Documents on display

Deloitte & Co. have given and not withdrawn their written consent to the issue of this document with the inclusion therein of their report and letter and the references thereto in the form and context in which they are included.

Debenham Tewson & Chinnocks have given and have not withdrawn their written consent to the issue of this document with the inclusion therein of the reference to their name and valuation in the form and context in which they are included.

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Copies of the following documents may be inspected at the offices of Slaughter and May, 35 Basinghall Street, London, E.C.2., during usual business hours on any weekday (Saturdays excepted) for a period of 14 days following the date of publication hereof:—

(i) the Memorandum and Articles of Association of the Company;
(ii) the audited consolidated accounts of the Company and its subsidiaries for the years ended 28th December 1975 and 25th December 1976 and for the six months ended 26th June 1977;
(iii) the report of Deloitte & Co. and statements of adjustments made for the purposes of their report;
(iv) the consents mentioned above;
(v) the letters relating to the profit forecast;
(vi) the material contracts listed above; and
(vii) the directors' service agreements referred to above.

5th December 1977

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The Management Page

EDITED BY CHRISTOPHER LORENZ

BUSINESS LAW

Behind the Belgrade wheeler-dealing

BY A. H. HERMANN

THE WAY that the press has reported the current East/West discussions in Belgrade has given the impression that the only points at issue are human rights and the political balance of power in Europe. The Helsinki agreement, whose consequencies are being reviewed at Belgrade, covered much more than this.

Diplomats are all too ready to draft yet another declaration that their governments have agreed to promote East/West economic co-operation, leaving businessmen still grappling with most of the difficulties and uncertainties which have been frustrating that aim for so long.

One of the more practical projects which was included in the Final Act of the Helsinki Conference on Security and Co-operation in Europe was the creation of a multilateral system of notification of laws and regulations concerning foreign trade. The UN Economic Commission for Europe, to whom this project is assigned, has made a feasibility study. A number of governments have agreed to take part in a trial run of reporting procedures for such a system and the results of this test should be available this month.

One would hope that this project will not be confined to supplying better information to government departments but will yield a flow of up-to-date material to businessmen. The advantages of properly disseminated information of this type, provided in the traders' own language, are obvious; it would be even better if such exchange of information would lead to the creation of an international trade gazette wherein the publication of rules binding on foreign trade would be obligatory.

The ECE Inland Transport Committee has reported "substantial" progress in harmonising legal provisions concerning inland waterways, another project which had been agreed at Helsinki. Agreements have recently been concluded on the international carriage of passengers and luggage, on uniform technical requirements for inland waterway vessels, and on signs and signals. Quite a lot of work has been done on the unification of transit documents for road and rail transport but governments appear still to be shy of tackling the more fundamental problems of international transport.

One of these is safety of air transport. The other is the opening up of international transport to competition and the dismantling of the many cartels which hide behind the cloak of international conventions. One important aspect of this is the restraint of unfair competition—often the equivalent of dumping—by the state-subsidised carriers on land, in the air and on the sea.

A conference on the legal aspects of East-West trade recently convened in London by the European Group of the Law Society revealed that much groundwork is still needed to make this field safe for a small or medium-size company which cannot afford the services of specialised lawyers whenever they clinch a deal with a Comecon country. The conference proved particularly useful because it was attended by a number of commercial lawyers from Comecon countries and they were able to help distinguish between real difficulties and those which are only semantic or imaginary.

One of the real difficulties is that while the Comecon countries are willing to negotiate contract terms for major deals, when it comes to routine deals, they are not willing to go to the same trouble and to give up their own small print on contract forms.

The disadvantage to a Western company which is obliged to accept the standard contract terms of a Comecon country is increased if, as often happens, a deal which is merely routine for the East European trader represents an important slice of the Western private trader's annual output. Further, not only are the situations in which the two parties find themselves unequal, they are also bound to have a completely different approach to the interpretation of the contract.

While the Western firm will assume that the terms of the contracts will be interpreted so as to obtain a fair and reasonable result, and that individual provisions can be modified, if necessary, to fit changing circumstances, the Comecon party will tend to treat the contract as Holy Writ, to be observed strictly in every detail.

Even when the East European manager is personally inclined to adopt a more relaxed and reasonable attitude, he is often prevented from doing so by the fear that a supervisory authority would not understand why he had failed to extract every possible advantage from sticking strictly to the terms of the contract.

For this reason it is necessary to include in the contract many things which two Western partners would assume to be implied or covered by business custom. It is not enough to agree that local personnel will be available for installing the supplied plant; it is necessary to go into details of their skill, remuneration, selection, hours of work and supervision. If the contract stipulates that engineers should be sent to instal, inspect and carry out repairs it is advisable to make this dependent on their obtaining visas and reasonable accommodation, and exit permits where necessary.

There are innumerable details and pitfalls to think of in order to make the contract sufficiently firm—but flexible at the same time.

The ECE has already published a Guide for Drawing up International Contracts on Industrial Co-operation. Other ECE projects falling under the provisions of the Helsinki agreement include a guide for drawing up joint venture contracts and a manual of licensing.

However, much more could be done to protect the small or medium-sized Western trader in his dealing with the giant state trading organisations of Comecon. One way would be to agree standard contracts which are fair to both sides. The other possibility, and it seems to be the more practical, would be to reach an international agreement invalidating unfair contract terms by making them subject to the test of reasonableness—either in Court or by arbitrators—and by making it an implied rule of all contracts that both parties will fulfil their obligations in accordance with business practice accepted in that particular branch of industry or trade.

Michael Donne on how Aer Lingus implemented an unusual diversification strategy

An Irish flight to pastures new

THE 1970s have been a tough time so far for most of the world's airlines, especially for many of the smaller operators, who have acutely felt the full draught of inflation and industrial recession. The large number of industrial disputes in world air transport this past summer and early autumn have not helped, either.

Aer Lingus, the Irish airlines group, has also had other problems to contend with, not least the severe effect on tourism to the Irish Republic caused by the troubles in Ulster. The Irish Government-owned group, however, is pulling itself out of the mire, through a dynamic shift in top management thinking that has diversified the airline in such a way that, while it remains dedicated to air transport, much of its current revenue stems from other activities.

The balance sheet to March 31 last tells the story clearly. Through the 1960s, the group (which comprises Aer Lingus, the short-haul European side of the airline, and Aerlinte Eireann, the transatlantic operations) was consistently profitable—in the 11 years to 1970-71, it earned total net profits of £8.7m. In the early 1970s, however, the situation changed. This period saw some significant losses, amounting to more than £5.2m. In both 1974-75 and 1975-76. But for the past year to end-March, the situation was transformed, with a £117,000 group net profit—small enough, but sufficient to point to a trend towards recovery.

Prior to the recent disputes in Aer Lingus the airline was ahead of targets in the first six months of the current financial year, and was looking for "an excellent profit" in 1977-1978. This, together with brighter prospects that the airline says it can see in the market-place, was enabling it to think more optimistically in terms of expansion over the next few years.

Just how far the U.K. air traffic control assistants' dispute this autumn, and Aer Lingus' own internal disputes, will have jeopardised this remains to be seen, but it seems likely that the financial cushion provided by the diversification programme will have served the airline well over recent months.

Diversification is not a new development in air transport. Many airlines, especially some of the bigger ones, try to boost their balance sheets by selling their expertise to other, smaller, developing airlines. But what is so particular about the Aer Lingus exercise is that the diversification has gone much further, to the extent that the group's financial survival is now dependent upon the profits that is diversification programme is producing.

How has it been done? The answer lies in a major management decision, taken in the early 1970s by Mr. Michael Dargan, then Chief Executive of the airline who has since retired, and enthusiastically endorsed by his successor, Mr. David Kennedy, that they should diversify extensively, but in such a way as not to prejudice the overall objective of the group—which still is to run air services.

As a result, under the day-to-day direct control of Mr. Gerry Dempsey, the chief executive (ancillary activities), the diversification has been taken into areas that could benefit reasonably quickly from expensively-acquired aviation expertise, but which were not in themselves quite so susceptible to the cyclical swings in economic fortune that bedevil air transport.

The diversification falls into three broad categories: activities directly related to aviation (such as aviation maintenance and overhaul, passenger and cargo handling, training services, helicopter operations and travel companies); hotels, leisure and catering; and financial and computer services. The group was already involved in some of the aviation-related areas so this provided a launching pad from which to expand.

Hotel rooms

The result has been that, in 1976-77, whereas the strictly air transport activities of the group incurred a loss of £716,000 (although that, in itself, represented a substantial improvement on the £4.9m. loss in the previous year), the diversification programme alone yielded profits of nearly £6.8m. —subsequently whittled down by heavy charges for central services and interest.

This diversification is already leading the group in some unusual directions. On the hotels, leisure and catering side of the business, Aer Lingus now owns a total of over 8,000 hotel rooms in the U.S. and Britain. One of the biggest single contributors to profits is the 840-room London Tara, which is now making substantial profits on a turnover of about £5¼m. in 1977. In the U.S., the group has acquired the Dunfey Family Corporation, which leases 14 hotels and manages 12 others, with about 7,200 rooms and a turnover of £30m. This concern, which is also in insurance and real estate, has been a success for Aer Lingus from the start, and is also now yielding profits.

But perhaps the most dramatic venture has been the development, in conjuction with the Bank of Ireland, of the 400-acre leisure complex at Foxhills, near Chertsey in Surrey, where already there are two 18-hole golf-courses and where eventually there will be tennis courts, bars, restaurants and other amenities. It may well become one of London's major leisure centres. Also, Aer Lingus has, again in conjunction with the Bank of Ireland, and others, bought a site in Tenerife, which it plans to develop eventually as a holiday resort with hotels, apartment blocks and the usual range of holiday and sporting amenities.

The biggest single contribution to the diversification programme, however, comes from the "aviation related activities," and here in turn the biggest contributor to turnover and profits is aircraft maintenance and overhaul. Here, revenues have increased six-fold in five years; the bulk of the market is in Africa, the Middle East and Africa, with over 160 customers on the books.

The airline provides a variety of training services for other airlines, but it has also been expanding its provision of general management services to other operators, and currently helps to run Bahamasair, Kenya Airways and Zambia Airways.

Another significant aspect of the diversification programme has been into aircraft broking, through its stake in the Guinness Peat merchant banking group, as part of the overall expansion into financial and computer services.

The revenue from all these ancillary activities in 1976-77 exceded £50m., on a capital invested of close to £20m. This compares with the combined revenues on the airline side of the business of close to £100m., on capital of over £42m.

All this diversification continues alongside the development of the airline itself, with all the attendant problems of competition (including the controversial issue of "charter dumping" by foreign carriers in the Irish market, a topic on which Aer Lingus has strong views), the growth of ultra-cheap Atlantic fares with its attendant revenue-dilution, and the impending problems of aircraft re-equipment, especially on the short-to-medium haul side of the fleet.

One of the features of the diversification is that it has been achieved with comparatively few changes in top management, but rather by a shift in thinking heavily influenced by a poor financial performance and the need to rescue the situation. While the results show what a determined management team can do, there is no question of Aer Lingus allowing this diversification to go beyond the point where it overtakes the airline business, for the very good reason that the expertise fuelling the diversification is itself generated by the airline operations. This is likely to continue —Aer Lingus does not intend to become a conglomerate listing an air transport division among its many activities.

But although the profitability of the diversification has done much to help Aer Lingus through a difficult period, there is still a long way to go. Mr. Kennedy has described the net profit of £117,000 last year as "puny" compared with what the airline will need to help finance its future aircraft re-equipment programme. Interest charges are already heavy (over £4.5m.), and the group needs an injection of new capital, a topic which it has so far discussed with the Irish Government—so far without success. Inflation also remains a danger—Mr. J. P. Hayes, the chairman, has warned that excessive wage rises could imperil the progress already made.

Stressing this need for capital, Mr. Kennedy said recently that the airline was now preparing its new equipment programme for 1978 and beyond, covering additional capacity for both short and long-haul routes. Details would be given in the New Year.

Even if, as the Aer Lingus management now believes, there could be a "new and challenging change of direction" on the horizon, with an improvement in world air transport affecting Aer Lingus and many other operators, the airline will continue to derive a substantial proportion of its profit for a long time to come from its growing diversification programme.

BUSINESS PROBLEM BY OUR LEGAL STAFF

Loan to a Director

As a director of a private company can I: (a) borrow from the company money, towards the purchase of a house? (b) Will I be taxed on the above as a benefit? (c) What evidence (will an official mortgage agreement) be required by the Inspector of Taxes as proof of the loan for a house purchase?

(a) As regards the loan probably not: see section 190 of the Companies Act 1948, as amended. (b) The company would be taxed under section 286 of the Income and Corporation Taxes Act 1970, as amended, upon the making of such a loan.

You would be subject to the provisions of section 66 of the Finance Act 1976, as modified by part III of schedule 8.

(c) Your declaration of the facts may suffice.

There are other aspects of the matter to be considered, and we suggest that you consult the company's accountants before proceeding.

A helpful booklet on the tax treatment of interest paid is obtainable from most tax inspectors' offices; you should ask for booklet IR11. No doubt the company already has a copy of booklet 480, which deals briefly with directors' benefits and expenses payments. Both booklets are free.

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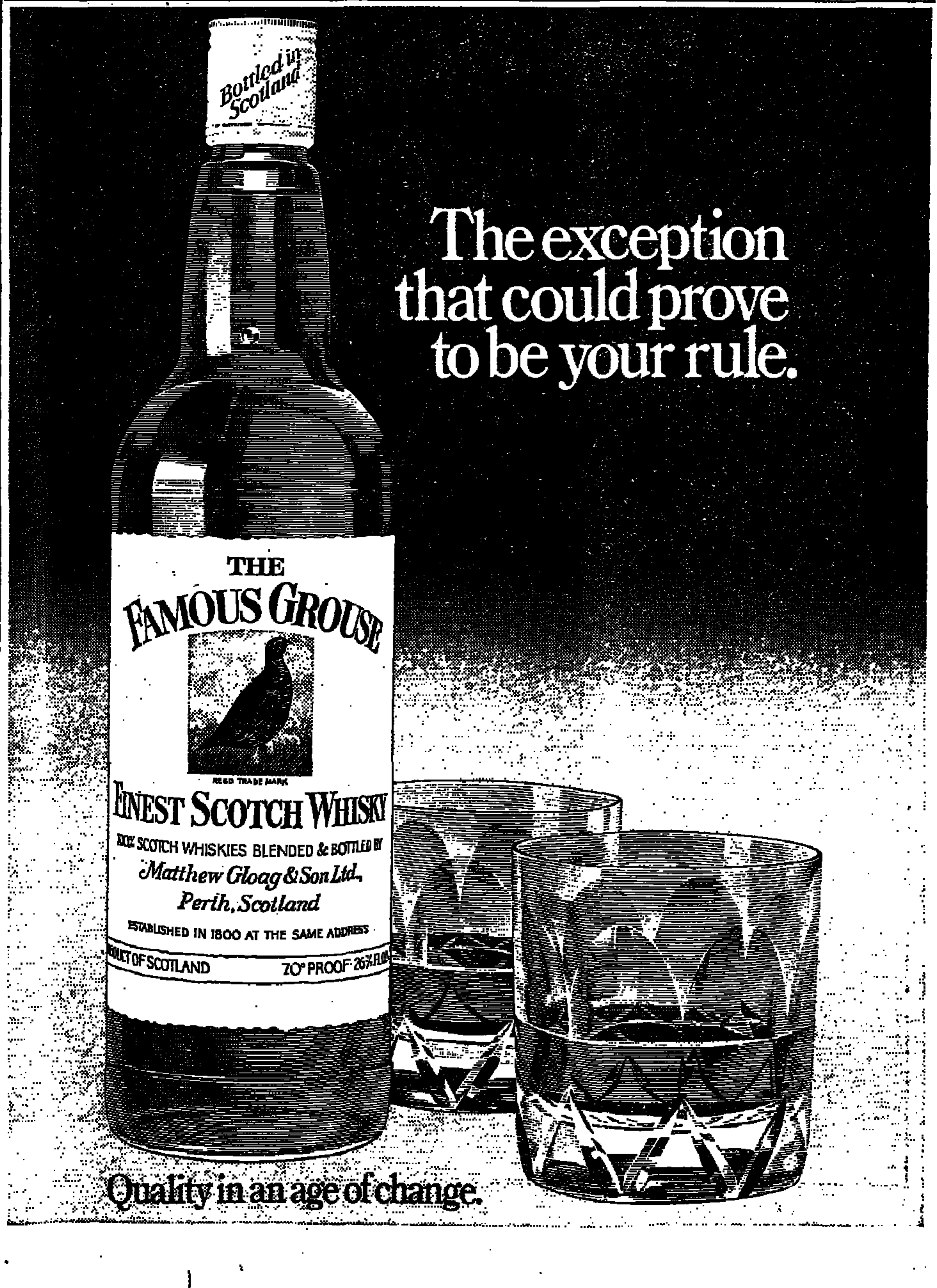
No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



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Some progress in Brussels

IT IS customary, at the conclusion of any international negotiating session, for all parties to express general satisfaction with the result, if not actually to claim a major triumph. So it was yesterday, with both Mr. Callaghan, the British Prime Minister, and M. Valery Giscard d'Estaing, the French President, announcing that the two-day summit of the European Community had been a great success.

On balance their satisfaction was understandable, and justified. None of the fundamental problems of the Community was resolved, and no major new initiative was launched to lend greater momentum to the process of European integration. Mr. Roy Jenkins, the President of the European Commission, got a fair hearing for his ideas on putting new life into the long-stalled scheme for economic and monetary union (EMU).

Familiar debate

The politicians rehearsed their familiar debate on the problems of recession and unemployment in Europe, but without resolving the equally familiar difference of opinion between Britain and Germany on whether the strong countries (like Germany) should take more vigorous action to lead the way towards a faster rate of growth.

At a more humdrum level, however, the European Council proved its usefulness by resolving a number of important second-rank issues which have bedevilled ordinary sessions of the Council of Ministers for far too long. Whether it is an appropriate use of the time of heads of government, to haggle over second-rank issues which ought to have been dealt with by Foreign Ministers, or even by the Permanent Representatives in Brussels, is another question. There is an obvious danger that officials will refuse to make compromises on workaday subjects, in order to push responsibility for the inevitable national concessions up to the highest possible instance and that the regular staging of European summits will become the automatic forum for decisions which should be reached much lower and much earlier.

These reservations aside, however, it is undeniable that the heads of government have wasted no time in hammering out solutions to a number of tiresome problems. Perhaps the most important of these solutions, was the compromise agreement on the method of applying the new European Unit of Account to next year's Community budget. Because of the depreciation of the pound in recent years, the straightforward implementation of the EUA (which closely reflects the market values of the national currencies) would have meant a very steep increase in the sterling cost of Britain's budget contribution over the next two years. By contrast, the other member states could argue (quite fairly) that the artificial exchange rates used hitherto enabled the U.K. to pay an unfairly small share of the real cost of the EEC budget. The compromise agreement which has been hammered out is laborious and devious; but it does mean that there will be a closer approximation to equity and to reality in national budget contributions in future.

Equally sensible have been the summit agreements to enlarge the size of the Regional Fund over the next three years, and to authorise the Commission to raise a substantial loan for financing energy and infrastructure projects in the Community. Britain should benefit under both headings, even though France has secured a slightly larger share of the Regional Fund than in the previous three-year period. But a more important consideration is that the expansion of the community finance for regional and industrial development should be of benefit to the Community as a whole, over and above narrow national interests.

Extradition

The eight other heads of government may have been disappointed that Mr. Callaghan was unable to give any assurances that Britain would be ready for direct election to Strasbourg by next summer: they had no reason to be surprised, however regrettable it may be. On the other hand, there is every reason to welcome the French President's proposal for a Community convention on extradition on all types of serious crime. In its specialised field, the European Court of Justice has become one of the motors of European integration, and some harmonisation of Europe's criminal laws could become politically significant.

Rather more promising

THE latest banking figures leave room for hope that the growth of the money supply will turn out to have been rather less disturbingly rapid than in the two preceding months. The London clearing banks increased their advances again in the month to early-December, but not by much. Once again, too, most of the increase went to personal borrowers, retailing and agriculture rather than to manufacturing industry. The rise in personal borrowing coincides with a general increase in the level of consumer credit and suggests that people may be anticipating a recovery in real purchasing power, brought about by the combination of decelerating inflation and lower tax rates, by reducing the savings ratio. The reluctance of industry to borrow more may reflect not only the general sluggishness of demand but success in reducing an involuntary rise in the level of work-in-progress earlier in the year.

The net inflow of money back to the clearing banks from the money market suggests that their competitors, notably the U.S. banks, may also be finding it difficult at present to lend to industry. On the other hand, the £64m. rise in the sterling deposits of U.K. residents that took place during the month was rather less than might be expected for seasonal reasons alone. The clearers may therefore still be losing deposits, on interest rate grounds, to competitors like the building societies and the National Savings movement.

Foreign funds

The clearing banks make no mention this time of their deposits being affected by an inflow of foreign funds; and indeed, as the recent reserve figures showed, the decision to float the exchange rate — immediately followed as it was by threats of industrial action to secure large wage increases — has reduced that inflow to a trickle. But it was still large in the second half of October and will therefore affect the money supply figures for the banking month to mid-November. How far remains to be seen. But it is noticeable that the eligible liabilities of the banking system as a whole, which are an important part of the money supply, rose by only 1.2 per cent. in the latest month against 2.3 per cent. and 3 per cent. in the two preceding months.

What upset the gilt-edged market about the last figures was perhaps not so much the fact that the growth of the money supply had moved outside the official target range of 9-13 per cent—its annual rate of growth moved to 14½ per cent—as a very sharp increase in advances by the banking system as a whole, not reflected in the earlier figures from the clearing banks. The reason for this is not yet plain—though if, as has been suggested, companies were borrowing to buy tax deposit certificates, their need to run up overdrafts in the early months of next year will be correspondingly reduced. The reflux of funds to the clearers from the money market suggests that there is likely to be less of a discrepancy between the two figures for advances on this occasion.

Borrowing

The month-to-month movement of the monetary aggregates is of practical importance, *in the sense that* it influences market sentiment and can affect perversely the task of monetary regulation, but it is of minor importance in itself. The really important thing is to have targets and try hard to achieve them. The Government demonstrated the value it attached to this principle when it allowed the exchange rate to float. Whether or not it succeeds in keeping the growth of M3 down to 13 per cent. for the financial year as a whole is still arguable—it will almost certainly move to a more flexible system of targets next year—but the public sector borrowing requirement figures for the first six months are promising. There may, of course, be a rush to spend as the end of the year approaches, but at the moment it looks as if the Government is once again comfortably inside its own estimates.

NEB's controversial new venture with Fairey

By JOHN ELLIOTT, Industrial Editor

WITH ITS successful £20m. take-over bid for most of the engineering interests of the ailing Fairey aviation and engineering group, the National Enterprise Board has thrust itself into its first major controversy since Mr. Leslie Murphy took over as its chairman four months ago. The bid also demonstrates a new and somewhat aggressive approach by Mr. Murphy and his colleagues to their right to operate in the company takeover business and raises issues about the Board's role in trying to merge sections of British industry into more rational and competitive forms.

The take-over has met with a storm of opposition and cynicism which is unlikely to be quelled quickly. The opposition has come from Conservative Party and City interests — and especially the defeated Mr. Victor Matthews of Trafalgar House. They do not think that the State-funded NEB should be defeating companies in take-over bids. The cynicism comes from those who cannot understand why the NEB wants to own the motley collection of engineering companies it has bought and who find it hard to believe that there can be any industrial logic or strategy behind the move.

The NEB's answers to these views is that it is in business to buy into profitable as well as lossmaking companies, and that it also has an industrial strategy role in helping to modernise and rationalise industry. The parts of Fairey it has bought are believed at the NEB's London headquarters to fulfil both these criteria.

It remains to be seen how justified such confidence proves to be. Anyone who expects the NEB to try to justify its decision within a few months, rather than waiting three years or so, will be disappointed. What is clear however is that the NEB is determined during the coming months to demonstrate its virility in the market place. At the same time it is also trying to coax senior Conservative politicians into keeping it in business should they win the next general election. Such a mixture of ambitions indicates that there will be a renewed and livery debate over the role and usefulness of the NEB.

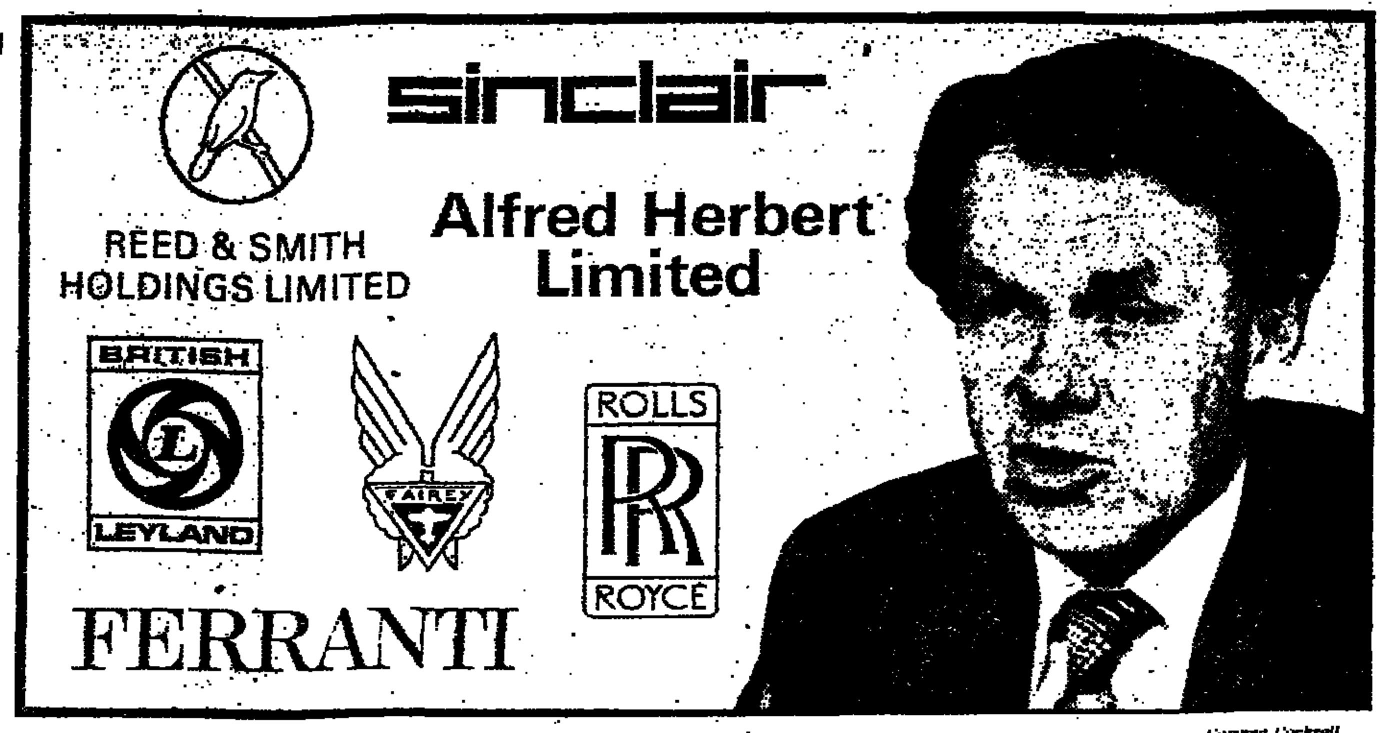
These developments come at a time when various aspects of the NEB's affairs are settling down under Mr. Murphy, the former deputy chairman of the Schroder merchant banking group who became deputy to the NEB's first chairman, Lord Ryder, and then succeeded him when Lord Ryder suddenly resigned in the summer. Since then Mr. Murphy has adopted a fairly low public profile. He is showing no sign of changing this typically merchant banker's approach although, as the Fairey episode has shown, the NEB is prepared to go out and defend its position.

On other fronts, a new regime has been set up at British Leyland, the NEB's major problem company. A former Board member of the NEB, Mr. Michael Edwardes, has been established as executive chairman there. He is working closely with Mr. Murphy producing both a new corporate plan (due for completion in February with full approval being scheduled for the end of March) and a new management structure for the Leyland group.

The NEB's financial criteria have also just been fixed by the Government with an overall target rate of return of 15 to 20 per cent. on capital employed on all its businesses apart from British Leyland and Rolls Royce which will have lower targets set later. This main target rate provides a firm base on which the NEB can operate. Also it was useful this week in the Fairey case because it enabled the NEB to show that there is a statutory criterion governing its operations and that it has not just been bidding with "soft" Government money.

The NEB has also notched up its first clear financial success with the sale of its 30 per cent. stake in paper manufacturers Reed and Smith. It helped this company out of trouble a year ago and the NEB is now set for a profit of about £750,000 through a take-over bid. One of the larger problem companies it inherited from the Government, Ferranti, has also been showing its new financial viability in the City through a £25m. loan raised from commercial banks. The NEB has also been extending its takeovers of small and medium sized companies and is about to boost this side of its business with regional subsidiary boards based in Newcastle and Liverpool. Finally, it is developing its role in helping with specialised export businesses, especially in the field of medical supplies.

But in spite of these individual successes and developments, the NEB still looks a curious hotch-potch of large-scale problem companies and small-scale one-off enterprises with no over-riding link or strategy to justify them being grouped together in one state holding company. Critics say that while there may be a permanent "hospitalisation" role for the NEB with the problem companies — as Conservative politicians are beginning to accept—the organisation has shown none of the constructive interventionism of its predecessor, the Industrial Reorganisation Corporation which was wound up by the then Conservative Government in 1970. It has thus done little, they say to help to reorganise and rationalise British industry. Equally, from the left-wing of the Labour Party's point of view, it has done little to fulfil its originators concept of spreading public ownership into key areas of major industries.



Mr. Leslie Murphy, new chairman of the NEB, with the insignia of some of the companies under its wing.

But not surprisingly, Mr. Murphy and his colleagues do not subscribe to such a critical view of their activities and tend to group their work under three headings. The first is looking after the "lame ducks" like BL and Rolls-Royce which could be added to in the future if the Government wished, outside the 15 to 20 per cent. financial criteria. Then there is what are known as the "equity gap" companies where the NEB, perhaps in competition with other organisations such as Finance for Industry, will help small and medium sized concerns with their cash problems. Some of these companies (which include names such as consumer electronic manufacturer Sinclair Radionics, clockmakers Thwaites and Reed, and Bull Motors of Ipswich) may fit into some wider NEB strategy or simply may, like Reed and Smith, be worth helping for their own sake as smaller companies. The NEB sees nothing wrong, as a State funded organisation, in being in competition with other agencies and banks for this sort of business.

The third category of activity is perhaps the most controversial and includes the Fairey venture. This is the IRC-type of role. Here the NEB tries to rationalise industries either by buying into them (as it has done with computer software through the Data Recording Instrument Company and says it will do through Fairey) or through trying from the outside to persuade companies to rationalise their operations (as it and the Government failed recently to do in the power engineering industry with GEC and Parsons).

This activity is linked with the Government's industrial strategy. The NEB is now looking at eight or nine different areas which, according to information it has received from the National Economic Development Office's sector working parties, are ripe for rationalisation. The NEB keeps this work as secret as possible (it will not, for example, explain the precise industrial strategy logic behind its Fairey venture). But after its abortive power engineering venture, it is now interested in telecommunications, where it has been talking to all the relevant companies and trade unions about rationalisation of manufacturing both for Post Office and export needs.

Then there is construction equipment where it might try to use the special products division of British Leyland, which is active in this area, to pull together a new rationalised manufacturer. Next on the list could be diesel engines where Leyland's bus and truck division could play a role.

Also there is boiler-making with a link between the old Clark Chapman company and Babcock and Wilcox being forged. Finally, some time in the future, Alfred Herbert, the machine tool company which the NEB also inherited in its batch of "lame ducks," might become the basis for moves in its area of the engineering industry.

But the NEB does not find it easy to be a marriage broker in these industries, especially when it is operating from the outside without any stake itself in precisely the right areas. It is in this context that the Fairey take-over is significant because it gives the NEB a basis in general engineering which is an area the Government is keen to see prosper. Whether any one of the 13 Fairey companies involved provide a base for a specific NEB industrial strategy initiative remains to be seen. They include companies operating in the area of general engineering and hydraulics as well as in bridge building, filtration, nuclear, marine winches and surveys fields.

The NEB's involvement started with a joint approach by Fairey and the Department of Industry (whose Industrial Development Advisory Board had also been consulted) before the company went into receivership early in October. But the NEB decided that—because it was not interested either in the businesses or the problems and debts of Fairey's aviation activities—it was best to wait until the receiver had moved in. Then the NEB identified the companies in the group which it regarded as a viable and potentially interesting package and after visiting the factories involved, put in its bid. In spite of Trafalgar House's complaints that it has paid too much, the NEB might have been prepared even to go above the £20.5m. that was offered. It refused a request to withdraw which was delivered personally to the NEB's headquarters by a Trafalgar House emissary of Mr. Victor Matthews.

These actions are bound to raise hackles among Conservative politicians who strongly disapprove of such entrepreneurial activities by the NEB. The Fairey case may therefore affect the impact of some of the advances made by Mr. Murphy in explaining the role of the NEB to the Conservatives, as he does to other political parties and interest groups. In the Conservatives' case, there have been dinner parties at the NEB, some attended by Sir Keith Joseph among others. Industrialists have also been invited to join the Conservative politicians and senior NEB executives on these occasions, and so far the NEB has successfully conveyed the message about its role as a state holding company for the problem companies. But it has had little success in explaining the benefits of its entrepreneurial role, even though Mr. Murphy and his colleagues have made it fairly clear that an emasculation of the NEB's functions would mean that many of its best staff would become frustrated and leave.

Alongside this problem with the Conservatives, the NEB also has differences with the left-wing of the Labour Party which wants it to be given £1bn. a year to spend compared with the £275m. it has for the current financial year. In the first eleven months of its own calendar year, the NEB has so far in 1977 spent some £198m.-£29.9m. on shares and £168.2m. on loans. It considers this a realistic rate of expenditure and might well be horrified by the prospect of having to find sound homes for £1bn., let alone being made the main industrial investor of North Sea oil revenues which some Labour Party leaders are advocating.

Such an expansion would indeed change the NEB into a major vehicle for nationalisation. Its present role is a mixture of state merchant bank and management consultant trying, by persuasion rather than by the force of law or mountains of cash, to impose its views on industry.

MEN AND MATTERS

Jim's Market manners

The Prime Minister has made no secret of his belief that much of the business conducted at the EEC's thrice yearly summits — or European Councils, as they are pompously known in Brussels jargon — is excessively tedious.

But even those familiar with James Callaghan's impatience were taken aback by his eagerness to shake the Brussels dust off his feet after yesterday's meeting. While the leaders of every other EEC government, or their foreign Ministers, were holding Press conferences, he had already gathered up his spokesman Tom McCaffrey, and the Foreign Secretary, David Owen, and was heading towards the airport. As a result, the only British briefing available to the several hundred journalists present was a sparse account delivered by two Foreign Office officials, who had not even been permitted to speak to Callaghan directly.

Callaghan's refusal to meet the Press at any point during the meeting contrasts strangely with the views in his celebrated letter to the Labour Party's national executive committe last autumn; in this he argued forcefully that the Community should be made more open and democratic. It is odd, too, that David Owen should have felt obliged to observe the same rule of silence this week. After all, he has been among the first to criticise any reporting from Brussels which portrayed British policy in a less-than-favourable light as biased and partial. If he and the Prime Minister are so reluctant to tell their side of the story, who is supposed to tell it?

Moscow to Paris

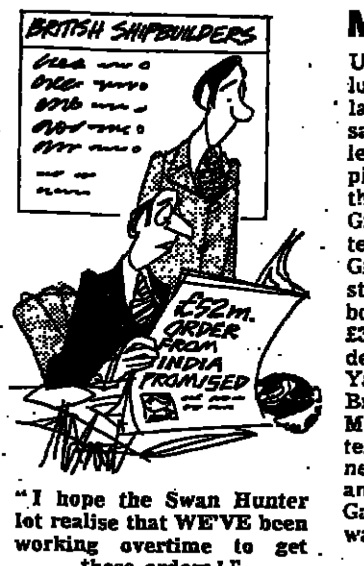
Merchant banker and former diplomat Quentin Davies was not amused when I commented on his remarkable resemblance to a slightly larger, fleshed-out version of Foreign Secretary David Owen. They certainly have age and a rapid rise to the top in common but Davies, as former prospective Tory candidate for Ladywood, where he dramatically whittled down Labour's traditional huge majority in the by-election last August, is clearly on the opposite side of the political barricades.

Furthermore, he is a man whose international political outlook was formed largely during his post-graduate year at Harvard studying International Relations at the feet of a Professor Henry Kissinger.

He then moved, in retrospectively logical progression, to a year studying Russian in the British Army, three years as a diplomat in the British Embassy in Moscow—and then to Morgan Grenfell. There, for the last four years, he has been head of the bank's Department for Socialist Countries. Davies was charged with setting up the department so as to develop the bank's growing communist bloc business; up to then it had been dealt with, at the highest level, by former chairman Sir John Stevens himself.

Davies' move came shortly before Sir Harold Wilson's trip to Moscow in February 1975 to sign a £950m. credit line, extended to the Soviet Union in a bid to stimulate lagging British exports.

Davis and his 11-man team have been responsible for boosting Grenfell's into the most active British merchant bank involved in East bloc financing, with a long string of Euro-currency and export credit financing arrangements to its credit. It has also broken new ground in several areas, including bond placings with National Bank of Hungary and the private placement of United Arab Emirate Dirham-denominated notes with the Polish Foreign Trade Bank, Bank Handlowy w Warszawie.



"I hope the Swan Hunter lot realise that WE'VE been working overtime to get these orders!"

Having built up the East bloc team, Davies will shortly hand over the reins to the bank's present Euro-currency department manager Angus Dunn. He then moves on to Paris in January, to become director of Morgan Grenfell International.

This move not only signifies a determined effort by Morgan Grenfell to "Europeanise" itself further, but also reflects its belief that the future of the City lies in its ability to ensure that Europe as a whole becomes its natural hinterland.

Davies expects to stay in Paris a year or two to get it off the ground as the central point for Grenfell's growing European ambitions. Did this mean recognition by Morgan that Paris, rather than, say, Frankfurt was potentially Europe's most important financial centre, I asked. "Basically, it means that we are not pessimistic about France. "We do not believe that the left will come to power in France and with it a policy of nationalisation. We agree instead with the Hudson Institute forecast of continuing fast economic growth."

Mancunian rescue

Up in Manchester, art experts look forward to announcing later this week that they have saved—at the 11th hour—a lesser-known British masterpiece from being exported to the U.S. The artist is Thomas Girtin, about whom his contemporary Turner said: "If Girtin had lived, I would have starved." The work is a sketchbook, sold at Sotheby's for £36,000 in July and seemingly destined to have gone to the Yale Center for the Study of British Art. Lord Donaldson, Minister for the Arts, put a temporary embargo — expiring next Wednesday — on its export and Manchester's Whitworth Art Gallery set about looking for ways to raise the money.

With so many other demands for funds to rescue parts of Britain's cultural heritage from export—for instance, the Tate campaign to save two paintings by Stubbs—it proved harder than might be thought to find £36,000 for Girton's volume of 36 rural sketches. Why did the task fall to the Whitworth? It already has the finest collection of works by Girtin; and Francis Hawcroft, who is in charge of the museum's drawings, is a renowned authority on Turner's short-lived rival.

Hooked on them

According to the Angling Times, which has a vested interest in the matter, some British gourmets are turning to worms. At the second annual Earthworm Bakeoff Contest in the U.S., 20 recipes were sent in from this country. According to connoisseurs, worms are excellent in fritters, but those caught from manure heaps have a disconcertingly strong flavour. It is even suggested that our anglers may face a worm shortage, due to competition from kinky cooks.

Observer

Closely fought election campaign in Australia

By KENNETH RANDALL, Canberra Correspondent

A few chips off the old blocks

MR. JOHN FRASER'S chances of surviving as Prime Minister of Australia beyond the election on Saturday seem to lie in the hands of the Australian Democrats, a group little more than six months old, with only the most rudimentary structure, no funds, and a remarkable vagueness of policy.

The Democrats were founded and are led by a former Victorian Liberal Party MP, Mr. Don Chipp, who left the Liberals last May "fed up to the teeth" with both Mr. Fraser and the rigidities of the existing party system. With a majority of 55 seats in the House of Representatives, Mr. Fraser had no cause for concern at the time. Like most other politicians and political writers, he saw no need to take the Australian Democrats seriously until a few weeks ago—rather the reverse.

Lack of interest has turned into a courtship in these last days of campaigning. National opinion polls show the Democrats to have about 10 per cent. of the vote and to be gaining. One poll indicated that as many as another 20 per cent. of the voters might still be prepared to support the Democrats when the time came.

The Fraser Government will be in desperate trouble unless it can get the second preference votes of Mr. Chipp's followers. Those second preferences are very likely to determine whether the Liberal-National Country Party coalition survives in office. Even if it does, Mr. Fraser could still face the outside possibility of the Democrats holding the balance in the Senate.

The rise of the Democrats is attributable to disaffection with the Labor Party as well as the Liberals—probably in equal measure. Its scale has made predictions of the election result little more than guesswork.

In line with their general attitude to traditional party politics, the Democrats are not telling their supporters what their second choice should be. Their campaign literature shows voters how to mark a ballot-paper in two ways, so that the second preference can be directed either to the Labor Party or the coalition. Nobody can tell how they will divide.

There seems to be little doubt that the campaign has given a considerable fillip to the new middle-ground party. On the Government side, particularly, the campaign has been one of the most open vote-buying exercises in many years.

Liberal Party advertising has concentrated overwhelmingly on comparisons of the cash advantages to be had from the present Government compared with a Labor Party administration. Judging by all the evidence available, that approach is not likely to attract the typical Democrat supporter.

Mr. Chipp has been campaigning on the general line of "a plague on both their houses," and the need for more honesty, compassion, and humanity in politics. But on two important matters Mr. Chipp is far closer to Labor Party policy than to that of the Government. He is against uranium development, at least for the time being; and he believes that economic management must be concerned more directly with the problem of rising unemployment (now at 6 per cent. or 370,000). In spite of the controversy before the election campaign, the Government has soft-pedalled uranium. Neither public nor private surveys so far have ranked it among the major issues in the minds

Terry Kirk

Leonard Burt

Gough Whitlam is on the Left, Malcolm Fraser on the Right—and Donald Chipp well established in the middle.

of voters, but the polls have shown a slow erosion of support for the Government's decision in August to go ahead with the development of new mines and the export of uranium processes into yellowcake.

Labor Party officials now regard uranium as potentially the great unrecognised issue of the campaign. Until this week, their television advertising featured the popular South Australian Premier, Mr. Don Dunstan, explaining in a careful, low-key fashion why he had changed his mind and come to support the party's policy of a moratorium on development until problems of safeguards and waste disposal were solved. Now Mr. Dunstan has been replaced with a baby playing with a hand grenade, representing uranium development, while a warning voice says that nuclear waste can remain lethal for a quarter of a million years.

There can no longer be any serious doubt that a Labor Government would, indeed, stick to the letter of the no-development policy it adopted last July. If there is a significant response to the Labor campaign, the question may be rather whether a non-Labor Government might feel it prudent to slow down its own development plans.

The election campaign has been dominated entirely by domestic issues at the national level. International relations have barely rated a mention. There will, nevertheless, be direct international repercussions from some of the promises offered by, and extracted from, the alternative Governments in the past three weeks. The Government has announced a three-year programme of protection against imports for the Australian footwear, clothing, and textile industries as part of a general undertaking to use protection wherever necessary to prevent further loss of jobs. In the closing stages of the campaign, Labor is being hard-pressed to avoid a direct matching offer.

The Government was prodded into protection by Labor's heavy emphasis on unemployment and the combined pressure of trade unions and manufacturers in the industries concerned. The question now is how much further it might be pushed. Mr. Fraser's general commitment is to preserve the levels of activity and employment in protected industries—an objective which becomes increasingly difficult should their competitive position continue to erode. In the case of footwear, clothing, and textiles, the Government has chosen to use tariff quotas as its instrument. But it has already shown in the case of local car manufacture that it is prepared to go further if necessary. Local car-makers are guaranteed a flat 80 per cent. of the market.

Labor has promised to abolish the present 5 per cent. tax on payrolls of medium-sized to large businesses as an anti-inflation measure and to encourage employment. In fact, while demand remains so depressed, the measure is far more likely to increase profits than create jobs—something that Mr. Fraser, in a curious reversal of roles, has been trumpeting at every opportunity. To balance the windfall to some of the largest (often foreign-owned) companies operating in Australia, the Labor Party intends to introduce a super-tax on "excessive" profits. The point at which profits become excessive is yet to be defined, but must obviously concern many potential investors and resource developers such as Utah Development, now the most profitable company in Australia.

Measured by the current mainstream of international thinking, the Labor Party's general economic objectives, as stated in this election campaign, are closer to orthodoxy than Mr. Fraser's. In spite of the big-spending reputation of the 1972-75 Labor Government, only the mildest stimulus is being proposed for the coming year, with the prospect of a worthwhile reduction of price inflation from the ending of payroll tax. The Government formula is unchanged from that of the past two years: inflation control through tight control of the money supply and restriction of public sector spending, an equally tight rein on real wage growth, but with tax cuts to restore incentive.

Apart from the Government's proposed tax cuts and Labor's plan to abolish the payroll tax, however, it is extremely doubtful whether more than a tiny proportion of voters have absorbed the detailed argument of the past three weeks. Most seem to be making much broader judgments, as reflected by the defections to the Australian Democrats. Mr. Fraser was quite certain when he called the election that the voters would not make Gough Whitlam Prime Minister again at the head of a Labor Government. The memories of the 1975 crisis and the Whitlam Government's dismissal from office by the Governor-General seemed too fresh and too vivid.

But Mr. Fraser can no longer be certain. Credibility, which may have any number of personal interpretations in the electorate, is probably the fundamental factor in what will happen on Saturday—and the Prime Minister has no monopoly of it. He could not have foreseen, when deciding on the election, that the Liberal Party deputy leader, Mr. Phillip Lynch, would have to resign as Treasurer, under a cloud, because of family land dealings. He could perhaps have been excused for misjudging, along with practically everybody else, the groundswell in favour of the Democrats.

But if the Government, as now fairly widely expected, does scrape home on Saturday, both it and Mr. Fraser will be less secure than before, facing a strengthened and invigorated Opposition. In the terms of survival politics, the gamble will probably be seen as successful.

The voters, facing their fourth national elections in five years, give no sign that they are enjoying the experience. Yet there is just the freakish possibility that they may send themselves back to the ballot boxes within six months. The House of Representatives has been reduced to 124 members—the first even number of seats in many years. A tied House, at 62 seats each, is quite feasible and actually predicted on one reading of the latest poll. It would mean another election by next May.

Letters to the Editor

Insider dealing

From Mr. R. Instone.

Sir,—I share Professor D. R. Myddelton's scepticism (December 5) about making insider dealing a criminal offence, but I am now persuaded that some legislative action in this field is necessary.

It is fundamental to company law and practice that the duties of directors are fiduciary; that is, they must exercise their powers in the company's interests and not their own, and are accountable to the company for any unauthorised profits. Unless this principle is maintained, efficient and honest management will become unobtainable. Few will agree with Prof. Myddelton's extremely cynical suggestion that insider dealing is an acceptable supplement to frozen or overtaxed remuneration. If it were, "insider dealing" company stores would have to be accepted also.

The absence hitherto of any effective sanction against the misuse of directors' powers is mainly attributable to the following causes: (a) the cost of litigation means that the individual investor seldom has enough at stake to justify proceedings, and the institutions are for other reasons reluctant to assert their power in public; (b) there is a technical rule of law which prevents shareholders from suing to redress a wrong done to a company by its officers where fraud is not involved.

It is now widely accepted (as the White Paper on directors' conduct observes) that insider dealing is wrong; and it may be (put it no higher) that making it a criminal offence would deter some (whether directors or not) who would not be deterred at present by the relatively slight risk of civil proceedings.

Undoubtedly, however, the most effective deterrent would be an increase in the likelihood that the inside dealer will be compelled to account for his ill-gotten gains, whether in civil or criminal proceedings. It is, therefore, important that the penalty for the offence should in all cases include a liability to disgorge the profit, if any. It is equally important that the next Companies Bill should give full effect to the statement (in paragraph 17 of the White Paper) that it is proposed "to strengthen the rights of shareholders to take legal action where they consider that their interests have been harmed by the actions of the directors." If it does so, this will automatically increase the prospect of a civil disgorgement action, and so help to restrain insider dealing without recourse to a criminal prosecution.

Ralph Instone.
Old Square,
Lincoln's Inn, W.C.2.

Sprats to catch mackerel

From Mr. J. Pickering.

Sir, — I find it difficult to understand how the EEC squares its conscience with some of its activities outside Europe. One of the aims of GATT is the reduction of tariff and non-tariff barriers to industrial and agricultural trade. During the recent meetings of this body I noticed passing reference to agricultural trade. It appears that only New Zealand is quoted as raising the subject.

Individually and collectively members of the EEC are members of GATT, yet the Common Agricultural Policy of the EEC has very substantial tariffs on importation of many agricultural products. Indeed, it goes further and pays very substantial subsidies to exporters of these commodities and in the case of excess production it even indulges in plain and simple dumping.

In addition to being members of GATT, all EEC countries are members of the UN and therefore subscribe to the UN Conference on Trade and Development. One of the purposes of the latter is to look to the interests of developing countries. Developing countries are producers of primary products, many of which are agricultural. The principles and practice of the CAP are in direct opposition to these products.

I am aware that the EEC makes substantial contributions of moneys to developing countries, but on the grounds this is no real answer. By common consent gifts of moneys to primitive countries are counter productive. On the other hand, moneys handed out to more sophisticated developing countries are apt to return to the donors in the way of trade. This is anything but disinterested—it is simply throwing sprats to catch mackerel.

J. P. Pickering.
*Orchard Place, Hexham,
Northumberland.*

Unity of the EEC

From Mr. A. Finlay

Sir,—I was not surprised that Mrs. Thatcher failed to make any strong commitment to the development of the European Economic Community into a successful political and economic union.

The majority of the Conservative Party seem to support the EEC as a glorified customs union, and are willing to allow economic discussion and limited cohesion in law. They do not wish to see true political union as this might mean that they could not continue to run this country with centralised and undemocratically elected government. The feeble excuse they give is a fear of European Communism spreading and controlling this country.

I feel, as a Liberal Party member, that this country must move towards a federal system of government which is a full and equal member of the EEC if we are to prevent economic and political chaos in Europe. Of course the EEC has its faults as with any political system but it is always possible to eliminate these imperfections and utilise the EEC for the benefit of all countries in the world.

A. Finlay.
*28, Foscote Road,
Hendon, N.W.4.*

Reflation and unemployment

From Mr. R. Musgrave.

Sir,—It is good to see someone debunking the job creation schemes at last—Samuel Brittan, Lombard Column, November 29. But I submit that Mr. Brittan failed to spot the most important fallacy of all in the whole job creation business.

If unemployment is above the "natural" level—the level at which further reflation will increase inflation and imports rather than jobs or wealth—then reflation, as Mr. Brittan says, is infinitely preferable to job creation. On the other hand, if unemployment is at the natural level, then it can never be reduced by sweeping the unemployed under a variety of carpets like job creation schemes. This is because inflation and imports arise because of an inadequate availability of labour and other things needed to meet demand and it makes no difference how this inadequate availability is brought about—whether it be because of excessive demand, because the unemployed have all been shot, or shipped off to Botany Bay, or off on to job creation schemes.

Put it another way, these schemes have no effect on the natural level of unemployment, thus in the long run they have no effect on the actual level of unemployment. The net effect of these schemes is to transfer people, not from the dole queues, but from productive work into pathetic non-productive forms of pseudo work.

Unemployment can be reduced by two and only two basic methods. First, as Mr. Brittan said, the natural level of unemployment must be reduced. Second, enough reflation must be applied to keep unemployment down to its natural level.

R. S. Musgrave.
*24, Garden Avenue,
Framwellgate Moor,
Durham.*

A Minister of Pay

From Mr. N. Wilson.

Sir,—It is becoming increasingly clear that a return to free collective bargaining necessitating sanctions is not compatible with good industrial relations and an early return to single figure inflation.

This being so, there seems no alternative but to devise a workable incomes policy especially for the nationalised industries. Here some form of statutory wages policy now seems inevitable and desirable. Such a legally binding policy would have to be linked to the cost of living index and where possible should be based on increased productivity.

Firemen and others engaged in vital national service should be re-engaged on a no striking basis, on a par with the armed services. In return for this loss of freedom to strike wages would be index-linked and would carry guaranteed pension rights. Some form of standing commission, possibly with a Minister of Pay, would be necessary to deal with job evaluation and wage differentials.

"In Place of Strife" failed because a divided Labour Cabinet funked the issue. Mr. Heath's legal confrontation failed because the electorate voted for the law breaking miners and their own short term interests. It should now be possible to hammer out a more realistic wages policy backed by the law and helped by a great deal of economic hindsight.

Only by some such policy allied to tight monetary control of public spending shall we get out of our present almost constant state of industrial disruption.

Norman Wilson.
*Cliff House, Ferryside,
Dyfed, South Wales.*

VAT and bad debt relief

*From the Chairman,
British Mercantile Agency.*

Sir,—When VAT was introduced it was made quite clear that no relief would be granted on bad debts. Following the Finance Bill Customs and Excise has now been instructed by the Treasury to consider ways and means of granting relief on bad debts, that is the VAT output on the trader's sales which he is unable to recover because of the financial failure of the debtor. This is in line with relief granted by Customs and Excise for purchase tax, notwithstanding the fact that this was always stated to be a concession and not a right. It would appear that generally speaking retailers are not concerned with this since they already obtain VAT relief on bad debts as VAT liability is calculated on gross takings, which by definition is cash received. What therefore has to be considered is VAT relief for any vatable undertaking other than retail.

Customs and Excise has issued a discussion paper which sets out in detail the pros and cons of the proposed relief. In my view, however, it does not go far enough, since it is seeking to limit the relief to certain types of formal insolvency only. I consider that relief should be granted on all types of debts, which prove to be uncollectable due to the inability of the debtor to pay. All debts to include formal and informal insolvency.

Customs and Excise has stated that relief would only be given on certain types of formal insolvency because of lack of third party evidence, but surely third party evidence to support bad debt write-off can be given by a debt collection agency licensed under the Consumer Credit Act or a solicitor? Such information could be certified by auditors annually in the same way as bad debts are accepted by the Revenue as a charge against profits for tax purposes.

Adjustment for VAT would be a simple matter of changing the normal return form to provide a space for VAT on bad debts and a further space for VAT on dividends received or the amount subsequently recovered in the last quarter.

I am not so naive as to suggest that none of this would be open to abuse, certainly there will be attempts to fiddle VAT bad debt write-off, but if this can be certified by auditors at the end of each financial year and the proof required by auditors obtained from the company's debt collectors and solicitors, this should eliminate a large amount of abuse. It is appreciated that Customs and Excise no longer has sufficient staff available to attend at traders' premises to check VAT returns and any bad debt written off, but it should be possible for Customs and Excise inspectors to investigate claims where the amount involved is in excess of, say, £10,000 (£800 VAT) or where fraud is suspected.

What is abundantly clear is that the procedure has to be kept simple as both from Customs and Excise and traders' point of view. If the machinery is too cumbersome the cost of claiming and granting relief will eliminate any benefit.

So much for procedure. What of the costs of relief. This has been put at between £25m. and £50m. per annum, because it is claimed, the Exchequer will suffer double loss, firstly by the credit the debtor has already taken in his VAT return for purchases, which have not been paid for, and secondly for relief Customs and Excise will grant on those goods in creditors' returns. While this is partially true, it seems to have been overlooked that in formal insolvencies Customs and Excise is a preferential creditor and more often than not, obtains payment in full or receives a substantial part of the debt. There are of course cases with no assets where nothing is recovered, but I suspect that generally speaking the amount involved is small in relation to the whole. In addition on a sale of stock by the liquidator, receiver or trustee, VAT is payable in full as an expense of the estate, and I suspect therefore that the figure of £25m.-£50m. is exaggerated. It would however be interesting to know what proportion £25m. is of the whole of the VAT income for a quarter. Might it be a drop in the ocean?

P. Granville White.
*L. Wardrobe Place,
Carter Lane,
St. Pauls, E.C.4.*

To-day's Events

GENERAL

U.K. balance of payments (third quarter).

National Economic Development Council meets.

TUC Economic Committee meets.

Mr. Menahem Begin, Israeli Prime Minister, ends visit to Britain.

European Commission expected to make final decision on its recommendations for next year's EEC farm price review.

Nato Defence Ministers end three-day meeting, Brussels.

EEC Budget Council meets, Brussels.

International Monetary Fund monthly gold auction, Washington.

U.S. and Vietnam resume Paris talks on normalising relations.

Mr. Anthony Wedgwood Benn, Energy Secretary, speaks at National Union of Mineworkers' forum on Industrial Democracy, Harrogate.

CBI Smaller Firms Council meets.

Guildhall School of Music and Drama, Barbican, E.C.2, perform Midsummer Night's Dream with Mendelssohn's overture and incidental music, 7 p.m.

PARLIAMENTARY BUSINESS

House of Commons: Scotland Bill, committee.

House of Lords: Debate on defence.

Select Committees: Expenditure (Environment sub-committee). Subject: National Land Fund. Witnesses: Heritage in Danger (4 p.m., Room 5). European Legislation. Subject: R and D Programme; Primary Raw Materials. Witness: Mr. Leslie Huckfield, Under-Secretary, Industry (4.15 p.m., Room 16). Expenditure (Social Services and Employment sub-committee). Subject: Employment and Training Services. Witness: Mr. Bruce Millan, Secretary of State for Scotland (4.30 p.m., Room 15).

COMPANY RESULTS

Burton Group (full year). Hanson Trust (full year). Northern Foods (full year). Phoenix Assurance Company (third quarter figures). Pilkington Brothers (half-year). Ransome Hoffman Pollard (full year).

COMPANY MEETINGS

See page 21.

COMPANY NEWS + COMMENT

GEC up by £23.7m. to £144.8m. halfway

EXTERNAL SALES for the six months to end September, 1977 of General Electric Company rose from £964m. to £1.1bn. and, after interest on capital notes of £10.4m. (nil), pre-tax profits were ahead from £121.1m. to £144.8m. for all 1976-77 profits came to £278.3m. on sales of £2.06bn.

The directors say the continuing depressed state of demand in the U.K. and other countries in which GEC has factories has limited expansion of output.

However, outstanding orders of the U.K. businesses were 24 per cent. higher at September 30 than a year earlier, due largely to export successes. Export deliveries in the six months were 22 per cent. up on the previous year.

In some areas, particularly electronics, order books have been growing rapidly and capacity is being considerably increased. This involves the establishment of new factories, and is creating new jobs for skilled people.

The share brought in of profits of the British Aircraft Corporation has been restricted to the appropriate amount of dividends approved by the Secretary of State and paid up to April 29, 1977, the date on which nationalisation took place. No estimate of income has been included for the interest payable, as from the date of nationalisation, on the compensation stock when issued.

Bank balances and short-term deposits, less bank overdrafts, amounted to £522m. at the half-year end.

Earnings per 25p share are shown at 12.6p (10.33p or 8.99p allowing for the capital reduction on the issue of capital notes). The interim dividend is lifted from 1.82p to 2p net. Last year's final was 1.775p.

	Six months 1977 £m.	1976 adjusted £m.	Year 1976-77 £m.
External sales	1,102.0	964.0	2,061.0
Profit	155.2	121.1	278.3
Int. on cap. notes	10.4	—	1.2
Profit before tax	144.8	121.1	278.3
Tax	74.5	62.3	143.6
Net profit	70.3	58.8	134.7
To minorities	1.4	0.8	3.3
Attrib. to Ordinary	68.1	57.3	131.4

Profit includes interest receivable from loans and deposits less bank interest payable of £27.3m. (£14.8m. plus £38.3m.), interest payable on loan capital other than capital notes £4.6m. (£4.0m. plus £8.1m.), and a share of profits of associated companies of £7.6m. (£9.6m. plus £18.0m.).

An analysis of turnover, including inter-group sales and contributions to earnings shows engineering £168m. (£136m.) and 17 (13) per cent., industrial £141m. (£127m.) and 22 (22) per cent., electronics, telecommunications and automation £301m. (£273m.) and 22 (26) per cent., components and cables £142m. (£115m.) and 11 (11) per cent., consumer products £109m. (£90m.) and 4 (3) per cent., and overseas £309m. (£287m.) and 24 (23) per cent.

See Lex

HIGHLIGHTS

GEC has shown a strong profits trend, particularly in power engineering and electronics, while there is a further increase in the cash balance. In contrast Ranks Hovis has turned in lower profits on the year after a poor second half and it does not see any great change in the current year following the adverse effects of the bread strike. Profits at Standard and Chartered are close to a third higher but there is a slowdown in world trade which will start to effect their second-half profits. Lex also discusses the further decline in the public sectors borrowing requirements. On the issue from Henry Sykes is obtaining an introduction on the Stock Exchange following a period when the shares were traded over-the-counter. Electronic Rentals has produced its bid rejection document and, while this stresses the intention of Philips to keep its holding below 35 per cent., the dividend has been increased by 105 per cent. Redfearn National Glass has just topped its forecast made at the time of the bid rejection from Rheem. The growing demand for real ales has bolstered Wolverhampton and Dudley.

Tricoville chief optimistic

In his annual statement, Mr. D. A. Jacobs, the chairman of Tricoville, says that the directors are more optimistic now than at any time since the group went public in 1971.

If expectations of better trading conditions are realised, the company can anticipate improved results in 1977-78 with the likelihood of a greater rate of improvement in 1978-79, he tells members.

Because an important part of production requirements are from overseas, the recent appreciation of sterling should improve profitability and will save the group from the expense of having to protect itself from the continuous fall in sterling which has occurred since 1971, he adds.

As reported on November 3 pre-tax profits advanced by 21.3 per cent. from £462,436 to a record £561,802 for the year to July 10. The company's close status allows an increase of 23 per cent. in the dividend to 1.82375p net per 10p share.

Mr. Jacobs says that despite a difficult year of trading, the company made very good progress and has shown its seventh successive year of improvement.

The group, which designs, produces, and markets fashion-wear, received its autumn deliveries from suppliers much earlier than usual and this, combined with poor weather in the summer adversely affected the performance and produced an excessive increase in stock levels. By the end of October stocks had returned to normal and liquidity now has been fully restored.

Meeting, Winchester House, E.C., on January 9 at 12.30 p.m.

PRESSAC OFF TO GOOD START

Mr. G. W. Clark, chairman of Pressac Holdings, told shareholders at the annual meeting that the year has started well with sales and profits for the first four months well ahead of the corresponding period last year.

Lazard American Exempt Fund

The managers of Lazard American Exempt Fund consider that the U.S. is at present the cheapest equity market in the world, with corporate profits and dividends likely to rise next year by some 10 per cent. This view was given at the AGM of the fund, when Mr. Geoffrey Dutton, a director of Lazard Brothers told unitholders that the first steps towards a rational energy policy, return in confidence in the political system and by industrialists for their capital investment plans and by overseas investors in the dollar, should make for a reappraisal for medium-term prospects of equities.

During the year ending September 15, 1977, the fund issued 28,450 units raising £3.19m. to bring the total number of units issued to 114,180. By the end of the period, the fund had grown by £24m. to £12.6m. The fund is invested in a widely spread portfolio of stocks covering the whole North American economy. Because of the high level of the dollar premium during most of the period, the major part of the investment was made through foreign currency borrowings. The unit price fell by 6.3 per cent. during the year compared with a fall of 7.1 per cent. in the Standard and Poor's Composite Index.

Moss Bros. £50,000 up at nine months

On turnover £490,000 higher at £4.27m., pre-tax profit of tailors Moss Brothers rose from £110,000 to £160,000 in the nine months to October 29, 1977.

The interim dividend is raised from 1.4p net per 20p share to 1.6p and an additional 0.0292p is to be paid for last year. Directors expect to pay a final of 2.4p (1.9p), subject to continued progress in the final quarter. Profit totalled £0.34m. last year.

L & G extends unit-linked products

Legal and General Unit Assurance, the unit-subsidiary of Legal and General Assurance Society, has announced that its two new unit-linked pensions contracts are now available, a move foreshadowed at the time of the launch of the company six weeks ago.

The first product is The Personal Investment Pension Plan, a pension scheme for the self-employed where payment can be made by regular contributions—minimum outlay £20 per month or £200 per year—or by single premium. The other is The Executive Investment Retirement Plan, an approved company pension scheme for directors and senior executives. The minimum premium is £50 per month or £500 per year with facilities for increasing or reducing premium and making lump sum investments.

Under each plan, investors have a choice of investing in a variety of unit funds, covering equity, property, fixed interest, cash and mixed funds with switching facilities between each fund.

These two products follow the launch of linked contracts for individual investors. Mr. John Elbourne, manager of the unit-linked company, states that in just over six weeks investors had put over £1m. into the single premium contract the Capital Investment Portfolio and about £15,000 in the regular savings plan Capital Accumulation Plan.

Bassett well up at 28 weeks

Geo. Basset Holdings lifted pre-tax profits from £1.5m. to £1.95m. for the 28 weeks to October 14, 1977, sales of £50.46m. compared with £39.93m.

The directors say that trading conditions remain satisfactory and every effort is being made to maintain the rate of progress.

An analysis of sales and trading profits—£2.13m. against £1.64m.—shows: manufacture of confectionery £24.6m. (£19.08m.) and £1.74m. (£1.38m.) and wholesale distribution 25.86m. (£20.85m.) and £393,000 (£260,000). Interest absorbed £180,000 (£134,000). Exports came to £4.32m. (£3.17m.).

The tax charge is £484,000 (£97,000). The directors explain that deferred tax has not been provided in respect of U.K. companies and the comparative charge has been amended.

In order to reduce disparity with the final payment, the interim dividend is lifted from £1.04p to 1.4025p net per 25p share. Last year's total was 5.07364p paid from pre-tax profits of £3.05m. and an additional 0.062056p is now also declared for 1976-77 following the reduction in ACT.

● comment

George Bassett must be substantially increasing its share of the U.K. sugar confectionery market with volume sales from the manufacturing division up by 16 per cent. against an average industry increase of only 8 per cent. The group scores by operating at the lower price end of the confectionery trade which performs better when wages are under pressure. Margins, generally have been squeezed (particularly in the EEC where Monetary Compensatory Amounts have been increased to compensate the disparity between the Green Pound and sterling) and on the manufacturing side they have fallen from 8.2 per cent. in the second half, last year, to 7.1 per cent. The pressure, however, may now ease following U.K. price increases in October. Meanwhile on the wholesale side trading profits are up by 51 per cent. with the division benefiting from some first time contributions from new acquisitions and the absence of costs associated with the new computerised warehouse system. Given the overall growth both at home and overseas full-year profits may be at least £3.9m. The shares at 144p are on a prospective p/e of 3.9 taking a line through the interim tax charge while the yield is 6 per cent.

JAMES NORTH

James North and Sons Company has purchased for cancellation £209,373 of its 7.5 per cent. Unsecured Loan Stock 1987/92. The amount remaining in issue is £497,332.

Freddie Mansfield

Sir Arnold Weinstock, managing director of GEC—net cash balances at September 30 last totalled £522m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Anderson's Rubber .. int.	0.6	Dec. 30	0.5	—	1.4
Bankers' Inv. Trust 2nd int.	0.5	Feb. 28	0.5	—	2.3
Geo. Basset ....int.	1.4¶	Feb. 6	1.04	—	5.07
Birmingham Mint. ...int.	1.5	Jan. 20	1.5	—	4.35
Bristol Post ....int.	2.7:	Feb. 2	2.25	—	5.71
Brownlee and Co. ...int.	0.5*¶	Jan. 16	0.5	—	2.03
Carless, Capel ....int.	0.37	Jan. 20	0.33	—	0.83
Chapman (Balham) ...int.	1.48	Jan. 27	1.48	—	3.92
Frederick Cooper	0.7	Jan. 30	—	1	0.4
Electronic Rentals ...int.	2	—	0.94	—††	2.39
Elson & Robbins	1.92	—	1.7	3.13	2.8
Flexello Castors	1.71	—	1.52	2.76	2.46
GEC ....int.	2	Mar. 31	1.82	—	3.6
Graham Wood Steel ...int.	0.56	—	0.56	—	1.96
Irish Distillers	3.25§§	Feb. 21	2.25	4.75	3.25
Kelsey Inds.	1.98	Feb. 8	1.9	3.23	2.9
Kleen-e-ze ....int.	0.88‡	Jan. 9	0.88	—	3.82
Moss Bros. ....int.	1.6§	Jan. 23	1.4	—	3.3
Ranks Hovis	1.97	Jan. 27	1.74	3.29	2.94
Redfearn National	9.29	Feb. 9	3.07	3.95	10.56
Standard Chartered ...int.	7.75**	Jan. 27	7	—	17.48
Wearra Group	0.9	—	1.17	1.31	1.17
Wolverhampton & Dudley	4.04	Jan. 27	3.64	5.74	5.14

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.045p for 1976-77. § Additional 0.0292p for 1976-77 and 2.4p final forecast. ¶ Increase to reduce disparity with final. Additional 0.062056p for 1976-77. Additional 0.05p for 1976-77. ** Additional 0.1588p for 1976-77. †† Forecast 5p total. §§ Gross throughout. ¶¶ Additional 0.02357p for 1976-77.

Elson & Robbins leaps 53% to £1.74m. midway

DOUBLED SECOND-HALF profits of £0.98m. resulted in the pre-tax figure for the full year to September 30, 1977, of Elson and Robbins jumping 53 per cent. from £1.14m. to £1.74m., on turnover ahead 29 per cent. to £12.84m., in line with the record levels forecast at midway.

The directors are confident that the group will maintain and strengthen its domestic and overseas activities and expect further increases in sales and profits for the current year.

Stated earnings improved from 8.31p to 12.8p per 25p share and a final dividend of 1.919p lifts the total to the maximum permitted 3.129p (2.802p) net.

Turnover of the parent company increased to £6.35m. (£5.58m.) and taxable profits to £523,062 (£399,681), while exports during the year fell from £895,215 to £821,781.

At the subsidiary, Domestic Industrial Pressings, turnover was £4.97m. (£2.76m.) and taxable profits climbed from £306,250 to £774,487.

This subsidiary contributed the major part of the group's growth mainly due to the success of the "Premiere" LPG Heater, say the directors. In addition, they expect that the continued diversification programme at Domestic Industrial will have greater long-term benefits.

The group manufacture springs and spring assemblies for seating and mattresses and vinyl foam.

	1976-77 £	1975-76 £
Turnover	12,843,631	9,964,331
Profit before tax	1,742,801	1,140,265
Tax	983,637	597,799
Net profit	759,164	542,467
Extra-ord. credits	464,364	43,667
Divid ends	271,154	158,822
Retained	1,192,394	98,107

tion service for a wide range of safety equipment and protective clothing.

Some £300,000 capital investment is envisaged during the first twelve months. The safety service field is expanding and is a natural one for Sketchley to move into, say the directors.

New safety service by Sketchley

Through its industrial services division, Sketchley has launched a nationwide supply and distribu-

70p from London and Aberdeen

London and Aberdeen Investment Trust is to make a third distribution of 70p per Ordinary share on December 16 to holders of the Preferred and Deferred Ordinary shares. The liquidator anticipates that remaining distributions are likely to be within the range of 7p and 14p per 5p share in total.

The foreshadowed sale of Texas Land and Mortgage Co. Inc. has been completed and the liquidator has received £11,317,925 being London and Aberdeen's proportion of the proceeds after allowing for the warranty provision. The amount received after making provision for estimated corporation tax, arising on the sale is equal to 54.9p per share. This compares with a valuation of 43.2p—after tax of 4p per share—based upon an independent valuation of Texas Land's properties as detailed in the circular to shareholders of July 3, 1977.

THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Valuation— 6th December, 1977.

The Net Asset Value per £1 of Capital Loan Stock is 113.64p.

Securities valued at middle market prices

RHM £36m. after second half fall

A SECOND-HALF fall in taxable earnings from £20.16m. to £15.38m. at Ranks Hovis McDougall, depressed profit for the 52 weeks to September 3, 1977, by £2.39m. down to £36.48m. External sales reached £1.11bn., against £931m. for the previous 53 weeks.

Due mainly to the losses sustained by the bakery division as a result of the national bread strike in September, group profits for the first half of the current year will be lower, the directors say.

Provided the adverse conditions in the bread industry do not worsen, present expectations are that profits overall may be close to those for last year, due principally to a significantly increased contribution from overseas companies and a return to profit by Wessex Finance Corporation, they add.

Based on net profit of £15.48m. (£16.89m.), stated after minority profit, Preference dividends and transfer to reserve for pensions, the third quarter shows £... dependent on shown lower at 3.7p (6.2p). The net total dividend is lifted to a maximum permitted 3.288p (2.94466p) with a final of 1.968p.

The reduction in profit during the year was caused chiefly by the effects of continuing problems in the U.K. bread industry, a higher overall interest charge and the adverse results from Wessex Finance.

However increased profits from the other main trading activities made a significant contribution to group performance; further supplemented by profits from the American acquisitions in August, 1976, and February, 1977, the directors comment.

	52 weeks 1976-77 £000	53 weeks 1975-76 £000
External sales	1,107,000	931,000
Trading profit	62,333	62,915
Rationalisation	2,311	2,152
Depreciation	14,832	12,738
Net interest paid	11,535	9,959
Investment income	305	271
Share of assocs.	1,419	1,892
Pre-tax profit	36,488	38,867
Taxation*	18,736	20,733
Net profit	17,752	18,682
Extraord. debit	1,597	1,968
Minority interests	942	831
Attributable	15,174	15,916
Pension reserve	1,000	1,000
Pref. dividends	293	293
Ord. dividends	8,840	8,007
Retained	4,945	5,826

* Includes overseas tax £4.6m. (£3.6m.) and deferred tax £10.0m. (£7.8m.). † Credit.

See Lex

Bremner falls below £0.2m. in first half

THOUGH TURNOVER was maintained, less favourable trading conditions, together with rising costs, depressed taxable profit at general warehousemen Bremner and Co. from £237,793 to £193,777 for the half year to July 31, 1977. It will depend, therefore, upon the extent of the Christmas trade whether the fall will be minimised at fulltime, say the director. Last year the surplus was £383,173.

The net interim dividend is raised to 1.015p (1p), absorbing £36,025 (£35,200). The final ... 1976-77 was 2.8p.

Interest earned during the half amounted to £88,769 and ... to the fall in interest rates ... full year figure will be significantly lower than the £1.17m. shown last time, the directors state.

Tax for the half-year took £104,622 (£126,500) and the balance emerged at £89,155 (£111,293).

Ben Williams in profit at halfway

Wholesale clothing manufacturers Ben Williams and Co. have pre-tax profits of £17,771 for the first half of 1977 compared with a loss of £17,969. For all 1976 there was a loss of £18,373.

The directors say the pattern of results are very dependent on the last quarter, a period notoriously difficult for the company's sector of the clothing industry.

Until the final figures are known, they have decided it would be unwise to recommend a dividend on the Ordinary capital.

Order books for 1978 show an increase against 1977 and should remain so if retail customers do talk at least their share of the increased national spending power, they tell members.

Until the general level of business activity improves caution must prevail but they anticipate that 1978 will show a continuation of the improvement in results.

The last dividend was a single final payment of 0.5p net per 25p share for 1975.

Midway jump at Kleen-e-ze

Brush and cleaning device makers Kleen-e-ze Holdings boosted pre-tax profit from £209,305 to £313,031 in the 28 weeks to October 15, 1977.

Turnover moved ahead from £2.99m. to £3.78m. and the profit is subject to tax of £162,... (£108,557).

The interim dividend is maintained at 0.875p net per 25p share and an additional 0.045p has been declared for 1976-77 following the change in ACT. A 1.985p final was paid last year on record taxable profits of £416,883.

MID-KENT SUCCESS

The Mid Kent Water offer for sale by tender of £5m. of 7 per cent. Redeemable Preference Stock, 1982 attracted applications for £10,234,300 of Stock. The lowest price to receive partial allotment was £99.81 and the average price was £100.128. Dealings begin to-day. Brokers to the issue are Seymour, Pierce.

TONGKAH HARBOUR TIN DREDGING BERHAD

(Incorporated in Malaysia)

MR. D. R. MITCHELL'S REVIEW

The 36th Annual General Meeting of Tongkah Harbour Tin Dredging Berhad will be held on 30th December 1977, in Kuala Lumpur.

The following is the circulated statement of the Chairman, Mr. D. R. Mitchell:—

The results for the year under review were the best since 1973/74, both in terms of production and profits. The Sea Dredge was able to operate continuously, whereas during the previous year a stoppage of eleven weeks duration occurred while the labour force was on strike and total production of tin concentrate amounted to 10,143 piculs against 6,684 piculs for the previous year. This improvement was due partly to the higher running time and partly to the fact that the yield rose to 0.42 kati of tin concentrate per cubic yard from the figure of 0.34 kati per cubic yard for 1975/76.

Operating and overhead expenses were almost identical to those of the previous year whilst the average tin metal price on the Penang market during the year was M$1,341 per picul compared with M$1,020. The pre-tax mining profit consequently rose from M$769,209 to M$4,897,286 of which latter figure the Company's share of the surplus arising from the liquidation of the Fourth Buffer Stock accounts for M$365,500. The amount available for distribution after deducting an exchange adjustment of M$326,752 arising from currency realignment, is M$3,904,461. Two dividends totalling 37½ per cent. have been declared and absorb M$1,657,500 leaving M$2,246,961 to be carried forward.

The Current Year

During the first four months of the current financial year the Sea Dredge has continued to work in Bhuket Bay in the Kheng Guan leases, where it has been operating since July 1974, and the average monthly production has been 772 piculs of tin concentrate. This is somewhat lower than the average monthly production for the year now under review, but the tin metal price on the Penang market over these four months has averaged M$1,671 per picul so that satisfactory profits have continued to be recorded.

The Future

A large proportion of the Company's remaining ore reserves lie in leases which expire in the latter part of 1979 or early in 1980 and these leases will by then have been held by the Company for 25 years which is the maximum period allowed under Thai law for sea areas. Applications for new leases will be submitted in accordance with the requirements of the mining regulations in Thailand, but the Thai Government Authorities have recently indicated that they would like there to be a substantial Thai interest in equity of companies engaged in the extraction of the country's natural resources. Your Board recognises this as an aspiration which prevails in regard to mining in nearly every country in the world nowadays and ... a factor which will have to be taken into consideration in negotiations that will be conducted next year with the Department of Mineral Resources in Bangkok concerning the issue of new leases to cover the Company's ore reserves.

The Sea Dredge has now been operating offshore at Bhuket for 18 years and although with good maintenance it should be possible to keep it in operation for several more years, it seems doubtful whether it will be capable of working out all the Company's remaining ore reserves which would require it to remain in service for nearly a further 20 years. Subject to the Company obtaining new leases the question of how the mining of the remaining reserves can most suitably be tackled will have to be given very careful consideration.

Board Changes

Mr. J. W. Bridewell resigned from the Board on September ..., 1977, upon relinquishing his appointment as Chairman of Anglo-Oriental (Malaya) Sdn. Bhd., our General Managers. The vacancy thus created has been filled by Encik Lee Siew Choong, a representative of New Tradewinds Sdn. Bhd., the Malaysian company which now controls the activities of the former London Tin Group.

Sir Andrew Crichton, who has served as a Director of your Company since 1974, does not seek re-election to the Board. I am sure that shareholders will join me in expressing to him our thanks for his past services. At the request of New Tradewinds Sdn. Bhd., Mr. W. T. Dunne and I intend to step down from the Board at the conclusion of the Annual General Meeting. Both of us have been closely connected over the last 25 years with the offshore tin dredging industry at Bhuket, a type of tin mining that is challenging and engrossing. Although it is with regret that we sever our connection with the affairs of the Company, we have no doubt that the interests of shareholders will continue to be well safe-guarded by our successors, and we wish the Company a prosperous future. Messrs. L. H. G. Livingstone, Learmonth, J. G. Richardson and Ananda Krishnan Tatparanandam have been proposed to fill the seats that are being vacated.

In conclusion I would like to record the Board's appreciation to Management, staff and labour for services over the past year and to express my personal thanks to my colleagues and to the staff in London Office for their support during my term of Chairmanship.

Standard Chartered jumps to £63m. at halftime

TAXABLE PROFIT of Standard Chartered Bank jumped £14.8m. to £62.47m. in the six months ended September 30, 1977.

Associate contributions increased £4.3m. to £10.25m. in the period while the trading profit of Standard Chartered and its subsidiaries pushed ahead from £41.72m. to £52.2m.

The result is subject to tax totalling £31.77m. against £22.88m., and after minorities, extraordinary items and dividends retained profit is £21.3m. (£17.6m.).

Earnings per share are stated at 36.5p against 31.4p last time, and were reduced by 0.6p by provision this time for depreciation of freehold and long leasehold premises. Trading profit was reduced £517,000 by the extra provision.

The interim dividend is up from 7p net per £1 share to 7.75p. Last year a 10.48p final was paid from record taxable profits of £109.9m., and an additional 0.1588p is to be paid for 1976-77 following the reduction in ACT.

directors hope to pay in excess of last year's total of 3.75p for the whole of 1977.

In April the Treasury confirmed that, because its trading and operating is almost exclusively overseas, the company will not be subject to dividend controls.

	Half-year 1977 £000	1976 £000	Year 1976-77 £000
Trading profit	52.214	41.718	96.759
Assoc. companies	10.252	5.953	13.192
Profit before tax	62.466	47.649	109.951
Tax	31.768	22.884	55.365
Group	27.336	20.509	49.966
Associates	4.430	2.375	5.399
Net profit	30.700	24.733	54.576
Minorities	4.094	3.102	6.275
Extra-ord. profits*	41	797	†699
Attributable	26.647	22.450	47.402
Dividends	5.356	4.838	11.974
Retained	21.291	17.612	35.428

† Loss. * From disposals of premises, investments in associates and trade investments.

See Lex

Expansion by Bristol Post

TAXABLE PROFITS for the six months to September 30, 1977, of Bristol Evening Post expanded from £608,000 to £815,000, on sales and services up £1.58m. to £8.58m. For all the previous year, a surplus of £1.32m. was achieved.

The interim dividend is stepped up from 2.25p to 2.75p net, including an additional 0.05p per 25p share to be paid in respect of 1976-77, when payments totalled 5.703p.

First half profit was struck after lower interest of £29,000 (£54,000), but before tax £424,000 (£316,000) and minorities £136,000 (£99,000) leaving the attributable balance ahead from 193,000 to £255,000.

Atkins Bros. doubles to £266,000

With turnover rising 27 per cent. from £3.66m. to £4.64m., taxable profit of Atkins Brothers (Hosiery) doubled to £266,000 in the half year to October 1, 1977. Tax took £138,000 compared with £68,000.

To reduce disparity with the final payment the interim dividend per 25p share is raised from 0.875p to 1.25p net at a cost of £40,000 (£28,000). Last year's total was 3.289p from profits of £494,000.

Sogomana Grp. shows growth

Natural rubber, oil palms and cocoa producers Sogomana Group improved estimated pre-tax profit by £80,000 to £370,000 for the nine months to the end of September 1977.

The net interim dividend to be raised from 1p to 1.5p per 10p share to reduce disparity and the

Profits include an item of £84,720 received in temporary employment subsidy but even without this subsidy they would have increased 37 per cent.

Mr. D. Styles, the chairman says it has not yet been possible to conclude in Brussels a new multi fibre arrangement to operate from January 1, 1978. While most divisions are currently busy this is a seasonal industry. These factors together with a still precarious national economy make forecasting difficult, especially in view of the depressed plight of textiles worldwide.

The directors are rather more optimistic long term from mid-1978 onwards but the intervening period will be difficult, he adds.

Flexello Castors up to £0.6m.

ON TURNOVER of £7.35m. against £6m. pre-tax profits of Flexello Castors and Wheels advanced from £422,413 to £596,211 for the year to September 30, 1977, after £239,566, compared with £198,416, for the first half.

With tax taking £325,649 (£205,457) full-year earnings are shown to be up from 6.56p to 8.18p per 25p share and the dividend is raised from 2.475p to 2.764p net with a final of 1.714p.

Comparatives have been restated to comply with SSAP9.

The directors state that trends so far in the current year are encouraging and it is their intention to continue to exploit the potential of the company's products in world markets to the fullest extent and improve efficiency wherever possible. They look forward to another successful year.

Warrington £18,000 higher so far

Despite difficult trading conditions with profit margins continuing to be under pressure, taxable profit of Thomas Warrington and Sons increased £18,000 to £91,000 in the June 30, 1977, six months.

Mr. B. Warrington, chairman, says that although there was a further reduction in the volume of contracting work available to the industry the company was able to secure more work on satisfactory terms in this sector.

In private house building the number of sales has improved and with the rate of increase in material costs now slowing, Mr. Warrington expects profits from this sector to improve in 1978.

Bank borrowings of the company have to date been reduced from £739,708 at December 31 to £387,500 and it is the directors' intention to further reduce borrowings.

After tax of £47,000 (£38,000) net profit emerges at £44,000 (£33,000).

The interim dividend is held at 1.1637p net per 25p share. A final of 1.9673p was paid last year on pre-tax profit £89,013 lower at £135,816.

Bankers' Inv. Trust tops £0.8m. so far

Pre-tax revenue of Bankers' Investment Trust increased by £72,301 to £820,194 in the October 31, 1977 half year. The result is subject to tax of £304,904 against £282,743 last time.

The second interim dividend is maintained at 0.8p net per 25p share. Last year a total of 2.3p was paid on taxable revenue of £1.59m. Net asset value per share at par after prior charges is stated at 74.2p (67.2p).

To-day's company meetings

Guildhall Property, Winchester House, E.C., 12. Herrberger Brooks, Nottingham, 12. Johnson and Firth Brown, Winchester House, E.C., 3. Lister, Bradford, 12.30. North Atlantic Securities Corp., Bucklersbury House, E.C., 2.45. Scottish Metropolitan Property, Glasgow, 11.30. Scottish and Continental Investments, 8, Crosby Square, E.C., 11.15. Spencer Gears, 10, Belgrave Square, S.W., 12.

Record £4.6m. for Redfearn

RECORD TAXABLE profit of £4.59m., 50 per cent. above last year's £3.06m., is reported by Redfearn National Glass for the year to October 2.

The result is in line with the forecast of higher profits made in its bid rejection document of September. At halfway, profit was £0.2m. lower at £1.03m.

Mr. Stanley Race, chairman, says the exceptionally high demand for glass containers from the brewing and soft drinks industries, which began in the summer of 1976, continued throughout the first half of the year. However, the 1977 summer proved disappointing in terms of weather, and therefore in seasonal demand for containers.

But Redfearn expects demand pressure to return early next year. In the meantime the company will build up stocks to acceptable levels and carry out planned furnace rebuilds.

Mr. Race says capital investment for the year totalled £6.4m. with the cost of rebuilding the green glass production unit at its Barnsley works and the first phase of the Batch plant at the works accounted for most of the new investment.

Redfearn's furnace rebuilding programme continues at a high level and the group is confident that the results will show through as in the past. A total of £8m. is earmarked for spending in 1978 and £11.5m. has been invested over the past three years in capital expenditure and plant.

Mr. Race says that it is understood that investigation by the Monopolies Commission into the proposed bids by Rheem, Rockware and United Glass will not be completed until late 1978.

As already announced a 9.291p final dividend has been declared, against last year's 3.071p, taking the total to 10.36p net per 25p share compared with 3.946p. Treasury approval was gained for the increase in light of the bid from Rheem.

	1977 £	1976 £
Sales	41,199,000	34,853,000
Profit before tax	4,585,267	3,040,458
Tax	134,271	†177,369
Net profit	4,450,996	2,883,089
Extraordinary profit	80,274	—
Dividends	649,319	247,896
Retained	3,731,348	2,035,193

†Adjusted from last year's £1.65m. following accounting change.

● comment

Redfearn National Glass just managed to beat its profit forecast given in its bid rejection document for the revised partial offer from Rheem International. After dipping 16 per cent in the first half, profits were nearly doubled in the second six months on turnover increased by a fifth. This is more creditable when seen against a background of a slowdown in demand throughout the year. Industry glass container sales, which started the year 20 per cent up, were only 4 per cent ahead in October. So Redfearn has been helped by some increase in market share as well as a 12 per cent increase in prices. The falling sales volume trend has much to do with customers destocking after buying well ahead in anticipation of a good summer and a repeat of last year's shortage. One worry for Redfearn in the current year in such a volume sensitive, high fixed cost industry is whether the level of demand can support the increased capital requirements and investment. Redfearn's capital expenditure will increase by 25 per cent to £8m. requiring it to use its £2m. FFI loan, while stock levels will be 75 per cent higher. At 282p the shares yield 5.9 per cent. and sell on a P/E of 3.7 on stated earnings, or 7.5 (fully taxed).

Birmingham Mint drops at midterm

REFLECTING THE losses resulting from the underground fire in the main minting factory and difficult trading conditions in some of the other subsidiaries, pre-tax profits of Birmingham Mint declined from £226,000 to £44,000 for the half year to October 1, 1977. Turnover was marginally higher at £4.36m. against £4.29m.

Trading conditions are now improving, state the directors and the company is benefiting from its commemorative promotions and from the sale of antique coins. They look forward to a satisfactory result for the full year, subject to the settlement of the insurance claim arising from the fire—last year's pre-tax surplus was £365,000.

The process of digging out the fire, including dismantling and reinstatement of all the casting plant, is a lengthy one and is unlikely to be completed until the spring of 1978, say the directors.

The company has registered a substantial claim under its fire and consequential loss policies to recover the costs of reinstatement and loss of profit, but discussions with the insurance companies have not yet reached a stage where it is possible to credit an amount to profit and loss account.

In view of the pending claim, which is expected on the basis of advice received to result in a substantial eventual addition to half year profits, the directors have resolved to maintain the net interim dividend at 1.5p per 25p share—for 1976-77, the final was 2.85p.

First half profit was struck after a £8,000 loss on metal stocks (£20,000 profit). No tax is payable (£117,000) and there was a deduction of £12,000 (nil) to minorities.

Wearra improves to £0.3m.

After recovering from £29,000 to £102,000 in the first half, pre-tax profits of footwear manufacturers and distributors, Wearra Group finished the year to September 30, 1977 ahead from £238,734 to £303,032 on turnover of £4.79m. against £3.84m.

The final dividend is 0.9p net per 10p share for a 1.306p (1.17p) total.

	1976-77 £	1975-76 £
Turnover	4,786,989	4,717,653
U.K.	[illegible]	[illegible]
Exports	[illegible]	[illegible]
Profit before tax	303,032	238,734
Tax	159,562	121,337
Net profit	144,390	117,377
Extraordinary debit	[illegible]	—
Leaving	133,734	117,377
Interim dividends	18,346	[illegible]
Proposed final	36,900	46,980
Retained	87,314	70,377

ISSUE NEWS

Henry Sykes—first OTC stock to gain full listing

THE INTRODUCTION of Henry Sykes' shares on the Stock Exchange gives the company the distinction of being the first to gain a full listing via the over-the-counter market run by M. J. H. Nightingale.

The company was established in 1965 by the merger of two small engineering groups—Henry Sykes, one of the first to specialise in the hire of portable steam engines, and Lacy-Hulbert, set up at the beginning of the century to manufacture pneumatic equipment for the construction industry. At the time of the merger the combined profit of the two companies was under £200,000; to-day the Board is forecasting not less than £2m. pre-tax for 1977.

Sykes also has the unusual feature of being one of the first investments made by the Industrial and Commercial Finance Corporation (ICFC) when it injected a few thousand pounds in 1946. To-day ICFC still holds over 35 per cent. of the equity.

Sykes is a holding company in the general engineering sector with four main subsidiaries in the U.K. and two overseas—one in France and one in the United Arab Emirates.

The principal U.K. subsidiary is Sykes Pumps which manufactures, sells and hires pumps and winches. Customers include the main U.K. civil engineering contractors and the Coal Board. Lacy Hulbert supplies vacuum pumps and Whitehead Harbormaster makes outboard marine engines.

Price doubled

The group has been aiming at a full quote for some time. The chairman, Mr. A. E. Hepper, said yesterday that the Board had promised shareholders five years ago that a full listing would be made in due course. He also stated that a quotation would be useful in that the company could use its own paper more easily when making a bid.

Moreover, it was logical for Sykes to aim for a quote because of its institutional investors. Unlike most unquoted companies Sykes has no large family holding and 14 institutions own as much as four-fifths of the equity.

When Sykes joined Nightingale's over-the-counter market in 1973 it was seen as the first step on the road to a full quote. In April this year the company took the next step by appointing Capel-Cure Myers as brokers and instigating dealings on the Exchange under rule 163(2). Since that time activity in the shares has picked up and the price doubled from 56p to 112p before easing back to just over 100p.

One of the hold-ups in getting a quote stemmed from the near 22 per cent. stake held by Hanson Trust. Hanson purchased its holding from the vendors of Lacy-Hulbert, one of the original components of the group and in 1973 it launched an unsuccessful bid for the rest of the equity. Hanson already controls Sykes' major competitor, SLD Pumps, and Sykes was concerned that Hanson would launch another attack once it had gone public.

But in August this year Hambros Bank and the National Coal Board Superannuation and Pension Funds acquired Hanson's stake at £1 a share.

Pre-tax profits of the group have risen from £308,000 in 1972 to £1,775,000 in 1976. Following a dramatic increase in the first half of 1977, when profits shot up from £733,000 to £1,124,000 pre-tax, the group is forecasting not less than £2m. for 1977, giving earnings per share of 11.2p.

The directors expect to pay a final dividend of 2.65p per share making a total of 3.2p compared with 1.56p last year. For 1978 they are forecasting a rise in the payout to 4p. On the basis of 1977s figures the dividend cover would be 3.5 times.

The group is continuing to increase its proportion of overseas sales. In 1972 exports accounted for little more than a tenth of turnover, but by 1976 the overseas element had risen to a third and in 1977 the figure is expected to be even higher.

Up to now most overseas effort has been concentrated in the Middle East—14 per cent of sales—but the Board now feels it has a sufficient commitment in the Gulf and is turning its attention to the possibilities in Singapore.

Further expansion in the U.K. is not discounted. Sykes is on the look out for a company with similar activities, profits of up to £600,000 and a strong export content.

In all Sykes has some 209 shareholders. Institutions account for 78 per cent. of the shares, the major ones beig ICFC with 35.4 per cent., NCB Pension Fund 9.9 per cent., Hambros Bank 7.6 per cent. and Electra Investment with 6 per cent.

The directors hold less than 1 per cent. of the shares, so the general public account for nearly 20 per cent. of the Sykes equity.

Commenting on its unusually large stake in a quoted company ICFC described itself as a "long term holder of the shares." Sykes is treated as an associate for accounting purposes. However, ICFC would consider reducing its investment if both sides were agreeable.

The shares were last marked in dealings under rule 163 (2) at the end of November at 102p. Market sources last night thought the shares would open around that level when dealings start next Tuesday. At 105p the yield would be 4.6 per cent., the p/e 9.4, and the market capitalisation £9m.

Prospectus pages 14-16

Yearlings move ahead to 8¼%

The coupon rate on the local authority yearling bonds has inched ahead from 8⅛ to 8¼ per cent. The issue price is £99⅞ and the bonds are due on December 13, 1978.

The issues are:—Angus District Council (£½m.), Motherwell District Council (£1m.), Lancashire County Council (£1m.), Harborough District Council (£½m.), Birmingham District Council (£1m.), London Borough of Lambeth (£1m.), Bedfordshire County Council (£1m.), Corporation of London (£1m.), City of Swansea (£½m.), Crewe and Nantwich Borough Council (£½m.), Oldham Metropolitan Borough Council (£1m.), West Norfolk District Council (£1m.), Tweedale District Council (£½m.).

Reading Borough Council has raised £2m. of 9¾ per cent. bonds due December 5, 1979 at par.

Rochford District Council has raised £½m. of 10¼ per cent. bonds due December 3, 1980 at par.

Four-year bonds carrying a coupon of 11¼ per cent. at par, due December 5, 1981, are issued by East Kilbride (£½m.), and Neath Borough Council (£1m.).

Vale Royal Borough Council is raising £1m. of 11¾ per cent. bonds due December 1, 1982 at par.

There are two four-year variable bonds. Both East Kilbride and Chiltern District are raising £½m. apiece, issued at par.

Interest on the variable is calculated half-yearly at the rate of ⅞ of a point above the Reference Rate determined by the Bank on the fixing day immediately preceding the interest period. Interest is payable on June 7 and December 7. The first payment will be equal to £8.6623 per cent. per annum.

Sturla accounts qualified

George Sturla, which is proposing a rights issue to raise the £330,000 it needs to cancel outstanding debts of £2.3m., has been told by its auditors that the company has made insufficient provision for bad and doubtful debts.

The joint auditors, Cohen and Edward Denton, have qualified the group's latest annual accounts, stating that in their opinion the provision against bad and doubtful debts is inadequate. They say at least another £800,000 is needed.

Meanwhile the group has announced that the underwriting arrangements for its one-for-one rights issue to raise approximately £374,000 have been satisfactorily completed. The issue is priced at 10p (par) and is payable in full on acceptance.

The group says it needs the cash to meet an agreement with its bankers whereby in exchange for £330,000 cash "the total bank indebtedness which currently amounts to approximately £2.3m. would be cancelled."

The rights document gives a pro-forma balance sheet, taking into account the cancellation of the outstanding debt following the completion of the proposed rights and including the further provision stated by the auditors of £800,000.

The pro-forma balance sheet shows shareholders' funds of £1.26m. and total borrowings of £572,000.

The latest time for acceptance of the rights issue is 3 p.m. on January 19, 1978.

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 7 per cent. (since November 25, 1977)

Payment for British Petroleum shares was the major factor causing a shortage of day-to-day credit in the London money market yesterday, and this is expected to act against the market for the rest of the week, although it is probable that only a relatively small sum remains outstanding. There was also a slight excess of revenue payments to the Exchequer over Government disbursements, and a small rise in the note circulation. On the other hand banks carried forward surplus balances, and the market was also helped by net maturing Treasury bills.

The authorities gave large assistance by buying a large amount of Treasury bills from the discount houses, and a small number of local authority bills.

Discount houses paid 3½-6 per cent. for secured call loans in the early part, but closing balances were found at 1-3 per cent.

In the interbank market overnight loans opened at 5½-6 per cent., and closed at around 1-3 per cent.

Short-term fixed period interest rates were generally easier, with discount houses buying rates for three-month Treasury bills easing below 6½ per cent. in places.

Rates in the table below are nominal in some cases.

Dec. 6 1977	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	1-6	—	—	—	6½	1-6	—	—	—
2 days notice	—	—	6⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	6¼-6	5⅞-6	—	6-6¼	6¼	5⅞-6	—	—	—
One month	6¼-6⅛	6¼-6⅛	6⅛-6¼	7-6½	6⅜-6⅝	6⅝-6¾	6⅛-6¼	6⅝-6½	6⅛-6⅞	7¼
Two months	6⅜-6⅛	6⅜-6⅞	—	7-6⅞	6⅞-7¼	—	6⅛-6¾	6⅞-6⅞	6⅞-6⅞	7⅜
Three months	7-6⅞	7-7⅛	6⅞	7¼-6⅞	7¼-7¼	7⅛	—	—	7¼-7½	8
Six months	7⅛-7	7⅛-7⅛	7⅛-7⅞	7⅛-6⅞	7⅛-8⅛	—	—	—	—	—
Nine months	8⅛-7⅞	7⅞-8⅛	—	8⅛-7⅞	8¼-8⅛	—	—	—	—	—
One year	8⅛-8	8-8⅛	8-8¼	8⅛-8	8¼-9	—	—	—	—	—
Two years	—	—	9¼-9⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. • Longer-term local authority mortgage rates nominally three years 10½-10¾ per cent.; four years 11-11½ per cent.; five years 11½-11¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 7-7⅛ per cent.; four-month trade bills 7½-8 per cent.

Approximate selling rate for one-month Treasury bills 6⅜ per cent.; two-month 6½-6⅝ per cent.; and three-month 6⅝-6⅞ per cent. Approximate selling rate for one-month bank bills 6⅛-6⅞ per cent.; two-month 6¾-6⅞ per cent.; and three-month 6⅞-6⅞ per cent. One month trade bills 7½ per cent.; two-month 7½ per cent.; and also three-month 7¾-7⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 8½ per cent. from December 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 3½-4 per cent. Clearing Bank Rates for lending 6½-7½ per cent. Treasury Bills: Average tender rates of discount 6.4912 per cent.

Wolverhampton & Dudley Breweries peak £5.8m.

AFTER INCREASING taxable profit 15 per cent. to £2.6m. in the first half, Wolverhampton and Dudley Breweries has ended the September 30 1977 year 11.3 per cent. higher at a record £5.77m. against £5.19m.

Sales, excluding VAT, rose 19.5 per cent. to £41.76m., and Mr. E. J. Thompson, chairman, says the most outstanding feature of the group's trade for the year has been the increase in barrelage of its draught beer.

The group has made an encouraging start to the current year and provided it is allowed to recover costs Mr. Thompson is confident growth will continue, while its position is consolidated by its capital expenditure programme. The forecast is subject to any measures the Government may take following the Prices Commission report on beer prices and margins.

In the year just ended capital spending ranged from new brewery equipment to new public houses and improvements and extensions to others. This led to increased bank borrowings which reflects the Board's policy of taking advantage of low interest rates, he says.

A revaluation of freehold and leasehold properties was carried out in the year resulting in a £29.3m. surplus over book value. A £16m. surplus arose when a valuation was last carried out five years ago.

The final dividend is 4.03623p (3.63574p) taking the total to 5.73623p net per 25p share against 5.13374p last time. Earnings per share are stated at 17p (15.4p).

	1977 £000	1976 £000
Turnover	41,762	34,937
Profit before tax	5,770	5,185
Tax	3,039	2,486
Net profit	2,730	2,669
Extra-ord. items	232	179
Ordinary dividends	856	815
To reserves	2,075	1,513

● comment

Wolverhampton and Dudley Breweries has lifted its turnover by almost 20 per cent. which, after allowing for price and duty increases, suggests a volume increase of around 11 per cent., compared with almost nil growth by the brewing industry over the same period. The group has been cushioned from the worst effects of the slump in beer sales by the steady demand for traditional ales. Profits, however, have risen by only 11.3 per cent. as margins have been squeezed—down a point at pre-tax level—by higher raw material prices (following last year's poor harvest) and the cost of servicing the group's capital expenditure and repair and maintenance programme. Interest costs are up by around £100,000 on the previous year while bank borrowings have increased by around £2½m., but this should hardly stretch the balance sheet with net cash of nearly £300,000 in the last accounts. Meanwhile the shares at 189p yield 4.7 per cent. (covered almost three times) which is just lower than the sector average.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Armitage Shanks, Attwood Garages, Graham Millar, Coalite and Chemical Products, English Card Clothing, Leaderflush, Pilkington, Russell (Paddington), Turnbull Scott Shipping, Victoria Carpet, Wagon Industrial, J. W. Wassall, Westbrick Products, Wheway Watson.

Finals—Burton Group, J. A. Devenish, Ealon Plastics, Glenmurray Investment Trust, Hanson Trust, NSS Newsagents, Northern Foods, Ransome Hoffman Pollard, Whessoe, John Williams of Cardiff.

FUTURE DATES

Interims—	
Arlington Motor	Dec. 8
Associated Television	Dec. 8
Cawoods	Dec. 12
Electric and General Investment	Dec. 20
Elliott Group Peterborough	Dec. 8
Great Universal Stores	Dec. 8
International Timber	Dec. 8
Jacksons Bourne End	Dec. 8
Lees (John J.)	Dec. 8
Shaw Carpets	Dec. 8
Trafford Carpets	Dec. 8
Unigate	Dec. 8
Ware Group	Dec. 12
Wilkinson Match	Dec. 13
Wilson Bros.	Dec. 8
Finals—	
Bernsford (S. & W.)	Jan. 3
Caravans International	Dec. 19
Management Agency and Music	Dec. 12
Marley	Dec. 12
North British Steel	Dec. 15
Rix (Oliver)	Dec. 12
Warrford Investments	Dec. 13
Westland Aircraft	Jan. 4

Frederick W. Evans jumped from £196,279 to a record £320,402 in the September 30, 1977 year.

At halfway profit was £70,000 ahead at £132,000. Turnover for the year increased 28 per cent. to £1.56m. and directors say the intake of new work over the last six months was a record for the company and augurs well for the future.

The volume of orders on hand other than new work is 25 per cent. higher than at the same time last year for the plastic mouldings maker.

The final dividend of 0.533p net per 10p share compares with an adjusted 0.51714p for 1975-76, and takes the total to 1.056p against 0.9457p last time.

F. W. Evans meets forecast

In line with the directors' interim forecast taxable profit of

Carless Capel depressed

IN SPITE of an increase in turnover to £15.57m., against £13.69m., by Carless Capel and Leonard in the half-year to September 30, 1977, a decline in margins cut trading profit by 9 per cent. to leave taxable profit down at £1,135,000. Last time the surplus, including an exceptional credit of £288,000, was £1,530,000.

Margins have been stabilised since mid-year, but currently profits for the full year are not expected to reach the record £2.95m. for 1976-77, the directors say.

The company has started to invest in exploration for natural gas in the U.S. and production profits should accrue during the second half. It also intends to build on this success by increasing investment in the U.S. in the course of the next few months.

Stated earnings per 10p share were 1.4p (1.8p excluding exceptional credit) and the net interim dividend is raised to 0.3655p (0.33p). Last year a total of 0.825p was paid.

After tax and deferred tax amounting to £593,000 (£775,000) the net balance emerged at £540,000 (£775,000).

The company is engaged in refining and marketing hydrocarbon solvents, specialty chemicals, oil and gas exploration.

Brownlee drops to £0.32m.

A DECLINE in the volume of timber sold resulted in a downturn in pre-tax profits of Brownlee and Company from £816,000 to £318,000 for the 26 weeks to September 24, 1977, on increased turnover of £9.59m. against £8.94m.

After tax of £160,000 (£410,000) net profit dropped from £406,000 to £158,000, representing half-year stated earnings of 2.2p (5.7p) per 25p share. The interim dividend is kept at 0.5p net, with an additional 0.02357p to be paid for 1976-77—last year's final was 1.5322p from £1.38m. profit.

Mr. P. A. Barnes-Graham chairman reports that on average, selling prices were higher than a year ago, but the volume of timber sold was lower, due mainly to the continuing depression in the Scottish construction industry—specially in the public sector—and to keener competition. However, demand for home modernisation and improvement has continued to increase.

The chairman adds that in the first-half there have been no stock profits, compared with a significant proportion of midway profits reported last time, which was due to the fall in the value of sterling.

He points out that the improvement in the value of sterling against some foreign currencies, coupled with the devaluation of Scandinavian currencies at the end of August, resulted in a reduction in current buying prices for certain imports, and a consequential narrowing of margins on existing stocks.

Half-year trading profit of £225,000 (£764,000) was arrived at after providing £50,000 against possible future stock losses, in respect of stocks held at September 24 and in respect of forward purchase contracts not yet in stock at that date.

it will demand a much higher level of productivity, Mr. Brown says.

The world market for television camera mounting equipment remains bouyant and the company has quoted for a number of large overseas requirements for podded aerial reconnaissance camera systems.

Design of a further range of products for the television market has been completed, as has the group's prototype 4½-inch format reconnaissance camera.

The profit is subject to tax of £185,000 against £120,000 leaving attributable profit of £171,000 (£110,000).

On capital increased by a one-for-one scrip issue divided is increased from an adjusted 0.375p net per 20p share to 0.5p. Directors expect to recommend a 1.04p final compared with last year's adjusted 1p.

Midyear progress by Triefus

On turnover of £7.55m. against £4.83m., pre-tax profits of Triefus and Co. expanded from £147,506 to £231,388 for the first half of 1977.

After tax of £120,000 (£74,800) earnings are given as 5.15p (3.21p adjusted) per 25p share.

For all 1976 pre-tax profits came to £500,303 and the net dividend of 2.528625p was followed by a one-for-four scrip issue.

The group has interests in the marketing, processing and valuation of diamonds.

Vinten Group 55% ahead

With turnover only £111,000 higher at £1.8m. taxable profit of Vinten Group was lifted 55 per cent. to £356,000 in the six months to September 30. And Mr. C. M. Brown, chairman, says that but for production difficulties sales and profits would have been further improved.

The group's high order book level provides the opportunity for Vinten to materially surpass last year's record £0.69m. profit, but

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BIDS AND DEALS

Charterhouse Japhet's £14m. for Trust & Agency

CHARTERHOUSE JAPHET, the merchant bank, it through a subsidiary, making an agreed £14.7m. take-over offer for Trust and Agency Company of Australasia, the financial company which was formerly part of the Lowson empire. The idea is that the bulk of the shares in Trust and Agency's portfolios should be sold on to the bank's investment clients and institutional purchasers "who will gain the opportunity of a substantial investment in listed securities without affecting stock market values," according to an announcement last night.

The offers, by CJ's North British and General Investment Trust for Trust and Agency's ordinary shares—which were suspended at 145p on November 28 after the disclosure that bid talks were on—will be equal to 118.5 per cent. of certified net asset value (that it, after allowance for tax), plus 1p, of each share on the day before the offers become or are declared unconditional. This formula would have given a price of 172.5p on November 25.

The offer for the Preference stock is 90p per £1 stock unit, which compares with 45p on November 25. Opposition from Preference shareholders put a stop in September to plans for a scheme of arrangement to change the company's tax status tot hat of an investment trust.

Nearly a third of the Ordinary shares are held by the Commercial Union Assurance, which recently took over for some £50m. Estates House Investment Trust, created from the merger of most of the former Lowson companies.

Certain members of Trust and Agency have irrevocably agreed to accept the offers in respect of holdings or entitlements effectively representing 49.7 per cent. of the Ordinary and 5.15 per cent. of the Preference shares.

The Board of Trust and Agency and their advisers, Morgan Grenfel, consider the offers fair and reasonable, and Trust and Agency's Board unanimously recommends them.

A spokesman for Charterhouse Japhet said last night that the terms of the onward sale of the shares in the portfolios was "between us and our clients."

The offer is a further extension of the recent trend for certain investment companies and trusts to be purchased for their underlying shareholdings.

BSC IS GRAHAM WOOD BIDDER

THE BIDDER for heavy steel stockholders, Graham Wood Steel, turns out to be the British Steel Corporation. At the beginning of November Wood announced that it was in bid talks, and yesterday Mr. D. J. Titchener, the chief executive, said that the flirtation with BSC had been going on for some time.

"It is a natural combination," Mr. Titchener said. "We buy the bulk (around 90 per cent.) of our steel from BSC. There is no private supplier that produces the full range of heavy structural steel that we need."

BSC is offering 60p per share cash which compares with yesterday's market price for Wood's shares of 57p, a level they have maintained since they leapt from 44p when bid talks were announced.

The offer has been irrevocably accepted by the directors and family who control around 47 per cent. of the equity and who are recommending the offer to shareholders.

From BSC's point of view, the purchase is part of a policy of acquiring strategic steel stockholders so as to provide secure outlets. In the past 18 months there have been three such acquisitions.

Most recently, BSC agreed to purchase John Lee, a subsidiary of the Thomas W. Ward group, whose geographical spread is complementary to Wood's.

Graham Wood's advisors, Hill Samuel, state that they consider the offer fair and reasonable, a claim which is reinforced by the accompanying interim profit figures which show a slump in pre-tax profits for the six months to September from £213,000 to £54,000.

Mr. Titchener describes the interim performance as much in line with the industry as a whole and points out that there is considerable improvement to come now that the Millwall warehouse is coming on stream. This will allow increased efficiency from the New Year which will benefit the second half, a period which will also see surpluses and rent savings from the disposal of the Hounslow properties.

SHARE STAKES

Dares Estates:—

Shearer Estates (Residential), in which Mr. P. D. Jackson has an interest, have been allotted on November 24, 630,000 shares at 10p per share in consideration of the granting of leases of seven plots of land at the site known as Dunham Rise and Alton. These shares have been renounced on December 1, 1977, in favour of Mathay Investments, in which Mr. D. Sidi has an interest, for a consideration of £49,750.

St. Paul's Holdings Anstadt, in which Mr. P. D. Jackson has an interest have disposed of 50,000 shares for a consideration of £5,500 on November 23.

Mathay Investments, in which Mr. D. Sidi has an interest, have disposed of 50,000 shares for a consideration of £5,500 on November 23.

London and Northern Group:— Lord Milne, a director, has purchased 10,000 Ordinary shares.

Ratners (Jewellers):— Mr. L. M. Ratner, a director, has disposed of 10,000 Ordinary shares.

Alexander Howden Group:— Mr. B. J. Daenzer, a director, sold 15,000 Ordinary shares on April 5 at 142½p, a further 13,000 on April 5 at 146p and 55,000 on August 12 at 170½p.

Bournemouth and District Water Company:— London and Manchester Assurance Company now holds £35,000 (6.58 per cent.) of the 2.8 per cent. Preference stock.

Edinburgh and Dundee Investment Company:— British Rail Pension Funds on December 5 acquired 526,000 Ordinary shares at 159p.

Pentos: Bemercial International Financial Corporation, a wholly owned subsidiary of Bank of America National Trust and Savings Associated, has exercised its option for 133,493 Ordinary shares in Pentos for £50,000. Bank of England permission to take up the shares has been granted and listing applied for.

ASSOCIATES DEALS

Cazenove and Company on December 5 for account of Black Diamonds Pensions bought 226,000 British Investment Trust assented at 165p.

Also they bought on behalf of the National Coal Board for the account of National Coal Board Pensions' Fund, £4,853 British Investment Trust 6¼ per cent. convertible debenture 1993 at 160½ and £2,496 7½ per cent. convertible debenture 1996 at 160½.

W. Greenwell and Company on behalf of Fruehauf International bought 145,000 Crane Fruehauf at 100p.

Rowe and Pitman, Hurst Brown bought for St. Regis International 50,000 Reed and Smith Holdings Ordinary at 63p and £4,680 convertible loan stock at par.

Fruehauf wins but bitterness continues

IN CONCEDING defeat in the bid battle against Fruehauf Corporation of Detroit, the U.K. directors of Crane Fruehauf have withdrawn their support for the profits forecast of £3m. made last month at the height of the tussle. Crane Fruehauf, defended by merchant bankers Barclays Merchant Bank, are stating that the forecast was based on the assumptions that the "present management and management policies would not be changed, and that present accounting policies would remain unaltered."

They say that following change of control of the group—Fruehauf now has approaching 52 per cent. of Crane Fruehauf and has declared its offer of 100p unconditional — "these assumptions may no longer be applicable." Furthermore, that "it is also possible that the present directors will not be responsible for drawing up the 1977 accounts."

Fruehauf Corporation's victory comes after over twelve months' struggle. In that time—which has seen a Monopolies Commission probe, a fight in the U.S. Courts and a rival bid from Inchcape (subsequently allowed to lapse)—the value of the Fruehauf offer has gone from 27p per Crane Fruehauf share to 100p.

The directors of Crane Fruehauf, while still maintaining that an Inchcape bid would have been preferable, are now advising shareholders to accept the Fruehauf terms rather than remain a minority.

PEARSON/TUSSAUDS

S. Pearson and Son has gone ahead with its 45p per share cash offer for Madame Tussauds, despite continuing opposition from Tussauds management.

The official documents were posted to shareholders yesterday. In them Pearson emphasises that it plans to retain Tussauds' staff and management who would assume "overall responsibility for Chessington Zoo" which is owned by Tussauds and which Tussauds wanted to buy.

Mr. Michael Herbert, replying to the offer yesterday, said that the Board of Tussauds would be sending a reply to shareholders within a fortnight. A profit forecast is being prepared. He reiterated his opposition to the bid on the grounds that Tussauds needs neither outside capital nor expertise to maintain its growth record.

Following half-year profits of £550,000, full-year profits are widely expected to be around £1.75m. against £1.2m. last year. At this level Pearson's offer represents 11 times earnings. So far no other company appears to be ready to make a competitive bid, though the shares, which closed yesterday at 50p, still reflect an element of expectation.

ENGLISH CHINA CLAYS U.S. JOINT VENTURE

The Flintkote Company, based in Stamford, Connecticut, and Anglo-American Clays Corporation of Atlanta—the U.S. subsidiary of English China Clays—have announced the formation of Atlantic Carbonates Corporation.

The jointly-owned company will produce ultra-fine ground limestone products from deposits near Baltimore in Maryland controlled by Harry T. Campbell Sons' Company, a unit of Flintkote's Campbell-Grove division.

No details of the venture were disclosed. A spokesman for ECC said yesterday that the capital investment involved as well as the prospects for the new company may be released in the New Year.

Electronic Rentals allowed to double dividend

Electronic Rentals discloses that, in the context of the 100p offer from Philips Industries, Treasury permission has been obtained to more than double the dividend, and increase the payout from £1.76m. a year to £3.7m. Last night Electronic Rentals shares closed at 112p, up 4p.

The move follows some controversy over the Philips' approach. The bid is explicitly not intended to succeed and was only mounted when Philips increased its stake from 29.2 per cent. to just over 30 per cent. in early November, thus triggering a bid under the Takeover Panel rules. Philips argued that it just wanted to "increase its investment."

In the rejection document issued yesterday Electronic stresses that Philips has made it clear that it does not want the offer to become unconditional since this would result in Philips obtaining control. The offer has also been pitched at a significant discount to the market price.

Electronic has also obtained "important assurances" from Philips that the arms' length trading relationship will continue, and that Philips' shareholding will not be run up beyond 35 per cent. without a general offer being made.

As for the increased dividend payout it points out that dividends in its last financial year were covered six times by earnings, and a larger dividend distribution was then impossible because of the statutory dividend restrictions.

On the trading front pre-tax profits for the six months ending September 30 have risen by over a quarter to £6.23m. thanks to a reasonable performance from its principal profit earner, Visionhire.

Rental income overseas has fared better. Following the integration of the Thorn rental business, acquired in November, 1976, profits from Colorent in Germany have doubled to £300,000, accounting for nearly a half of the total overseas rental income.

Assuming that the first-half performance can be maintained, and there is a rental tariff increase due, the group could turn out £13.2m. for the full year, compared with £10.4m. On that basis the increased dividend is covered over one and a half times.

● comment

Any hopes that the motives behind this odd looking bid would become clearer with the arrival of the rejection document are quickly dispelled. Electronic stresses that Philips itself does not want the bid to succeed (Philips has given an undertaking that it does not wish to take its holding above 35 per cent.) and underlines that dividend restraint has been a brake on the performance of Electronic shares. It has therefore taken this opportunity to increase the dividend by 105 per cent. with the Treasury's blessing because a "bid situation" existed, although Electronic stresses that this would be lost if the offer were accepted. Shareholders (particularly Philips) should not complain: the yield on the shares is uplifted from 3.4 to 6.8 per cent.

ASEA PURCHASE

With the object of further developing its service to customers, ASEA, London, has acquired, as from January 1, 1978, Lylon Triconic, Ellesmere Port. This company, which will in future be known as ASEA Triconic, has hitherto been involved in the repair and overhaul of electric machines up to and including 11 kV, and in the manufacture of coils.

It is intended that these activities will continue and expand, with the addition of service facilities covering the entire range of ASEA products and equipment.

ASEA Triconic will complement the existing ASEA Ltd. organisation which covers complete installation, supervision, commissioning and service activities over the full range of equipment for industry both in the U.K. and overseas, and which is supported by a comprehensive spare parts service.

FIFE FORGE £0.8M. EXPANSION

Marine forgemasters, Fife Forge, has purchased T. S. Forster, another forging group with complementary interests in the smaller end of the shipbuilding business, from general cargo and tug boats up to vessels of 50,000 tonnes.

The purchase price is £800,000, of which £600,000 will be satisfied by an issue of 465,116 shares of Fife. Mr. G. A. H. Hepburn, chairman of Fife said yesterday, that the purchase (which takes effect from December 30) will not involve any dilution in Fife's earnings. Forster is expected to produce profits for the year of not less than £205,000.

Shareholders of Fife are to be sent details of the purchase and will be told that Fife intends paying the maximum dividend for the current year. Mr. Hepburn explained that the group does not operate in the tanker or big shipbuilding industries and this has shielded it from the worst effects of the slump in shipbuilding. Trading is currently running at levels similar to the first half which produced profits of £193,000 (including a first time contribution from LEF).

DEUNDI

Deundi Holdings announces that Mr. H. M. Robinow, Jazerite Holdings and its subsidiaries now hold 164,600 shares in Deundi — 31.7 per cent. Mr. Robinow is interested in more than one-third of the shares of Jazerite.

MINING NEWS

Thailand eyes Tongkah Tin

BY PAUL CHEESERIGHT

THE THAI Government is likely to take an equity share of the former London Tin group company, Tongkah Harbour Tin Dredging, before the end of 1980. The move is foreshadowed in today's annual statement from Mr. D. R. Mitchell, the Tongkah chairman.

The greater part of Tongkah's ore reserves lie in offshore areas of Thailand. Leases expire in 1979-80. Mr. Mitchell explains that applications will be made for new leases but draws attention to the Thai policy of requiring "a substantial Thai interest in the equity of companies engaged in the extraction of the country's natural resources."

Mr. Mitchell says this "is a factor which will have to be taken into consideration in the negotiations that will be conducted next year with the Department of Mineral Resources in Bangkok concerning the issue of new leases."

The company is also facing technical and investment problems. The sea dredge has been operating for 18 years and could last for several more. "It seems very doubtful whether it will be capable of working out all the company's remaining ore reserves," Mr. Mitchell says. That would take 20 years.

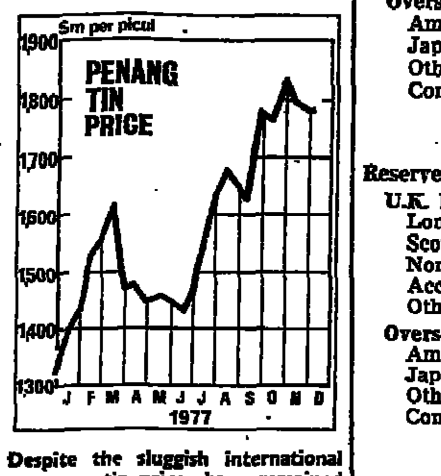
If new leases are granted then how the remaining reserves can best be mined "will have to be given very careful consideration," he adds.

So far during this financial year to next June, production, as already reported, has been lagging behind that of 1975-76, but the level of prices in Penang has meant that "satisfactory profits have continued to be recorded."

In the 12 months to June the average price received per picul of tin metal was $M1,341 (£309). Since then the average has been $M1,671. In the first four months of this financial year, output of tin concentrate was 187 tonnes, against 195 tonnes in the same period the previous year.

The company is now domiciled in Malaysia and is controlled by New Tradewinds, which has requested that Mr. Mitchell step down as chairman after the annual meeting in Kuala Lumpur on December 30.

Tongkah's shares yesterday were 95p.



Despite the sluggish international economy, tin prices have remained consistently firm. In the absence of tin releases from the U.S. stockpile, the mines are finding its difficult to keep up with demand. Lately prices have been given a further boost by a technical tightness of supplies for early delivery.

After falling as low as £839.25 at the beginning of last month, the LME cash wirebars price has latterly been moving towards £880 and closed yesterday at £871.75 a tonne.

The security situation within Rhodesia has been affecting the company, especially through the extension of the call-up, which has meant that 15 per cent. of skilled personnel may be absent at any one time. New construction has been delayed through manpower disruptions, Mr. Spence says.

In the year to last September Mangula had net profits of $R3.49m. (£2.88m.), compared with $R5.98m. the year before. Two dividends were paid, making a total distribution of 14 cents (11.5p). The shares were 52½p yesterday.

EARNINGS SLIDE AT PATINO

Third quarter earnings at Patino, the Dutch-based international group in which Preussag of West Germany has a 30 per cent. stake, were sharply reduced against a background of depressed copper and zinc prices, the group announced yesterday.

Net profits in the three months to September were $488,000 (£268,130) compared with $1.8m. in the same period of 1976. But profits are still ahead of 1976 on a cumulative basis. For the first three quarters of this year, they were $3.2m. (£1.75m.) against $2.4m. in 1976.

Patino expects the earnings of Canadian mines to continue to suffer. The group has written off $1.6m. of unamortised mine development in Patino Mines (Quebec).

MANGULA SEES A HIGHER PROFIT

The Rhodesian copper producer MTD (Mangula), a unit in the South African group, Messina, has cut across the pessimistic trend in the international industry with an indication of higher profits in the financial year to next September.

In his annual statement, Mr. W. I. Spence, the deputy chairman, states, "The increased rate of production from both the Miriam and Norah shafts, and the improved grades budgeted for next year, are expected to improve the profitability of the operation."

But there is a condition. It is that the copper price should be comparable to that received in the last financial year. Then Mangula's average was $R823 (£..80) a tonne. The condition was met between October 1 and October 25, on the basis of London Metal Exchange prices.

CAIL EXPECTS A COMPROMISE ON WARKWORTH

The New South Wales Government has indicated to Coal and Allied Industries (CAIL) that it is prepared to work out a reasonable compromise on mining licences for CAIL's 600m. tonnes' coal deposit at Warkworth.

This indication of greater official flexibility came at the CAIL annual meeting from Mr. William Howard-Smith, the chairman. In October the NSW Government cut across usual practice and announced that instead of giving a mining licence for Warkworth to CAIL, which already held an exploration permit, a 51 per cent. stake in the exploitation of the deposit would go to the state elecrical power utility.

CAIL's position has been further complicated by a take-over bid from Conzinc Riotinto of Australia and the Howard Smith group. In Sydney yesterday, however, the CAIL chairman said the NSW Government did not intend to grant a mining lease to cover the whole of the Warkworth exploration licence area, regardless of the takeover situation.

He warned that the future viability of CAIL depended on the grant to it in its own right of sufficient coal reserves at Warkworth to support a large-scale mining operation. If this was not done its ability to continue operations at older underground mines would be prejudiced.

These matters will no doubt be the subject of a submission the company is expected to make to the NSW Government shortly.

Meanwhile CAIL's profitability is higher than at this time last year, Mr. Howard-Smith said. Net profits in the year to last June were $A5.55m. (£3.45m.), slightly more than the $A5.00m. in 1975-76. The shares in London yesterday were 275p.

MINING BRIEFS

KILLINGHALL TIN—November tin output 49½ tonnes (October 33½ tonnes).

GEEVOR TIN—November: 10,878 tonnes treated produced 97 tonnes Black Tin, including 10 tonnes low grade concentrates (October 87 tonnes).

SAINT PIRAN—November production of tin concentrates: United Kingdom 285 tonnes (70 per cent. tin metal), Malaysia 15 tonnes. October 189 and 12 tonnes respectively.

MY Dart confident of progress—to spend more

In spite of the many difficulties facing M.Y. Dart, including the effects of the stronger pound on the profitability of exports, Mr. S. Marks, the chairman, is confident that further progress will be made. The current year has begun well, he tells members.

Pyrotechnics are likely to be affected by recent cutbacks in Government spending. However, additional items are now being produced by the company and wider markets are being solicited for safety, anti-riot, and rescue products.

Developments of plant and machinery and replacement of certain premises are in the planning stage and the chairman expects a good result from the division in the current year.

The company is adapting its marketing methods to the changed market circumstances for sporting goods. Arrangements are being made to be represented on a continuous basis in those countries where its present and potential markets exist. This will involve carrying stock levels of increasing size which will be further augmented by the growing range of products, Mr. Marks says.

An analysis of sales and profit by activity shows, with £000s omitted: Sporting goods £6,016 (£4,993) and £983 (£725); packaging £3,534 (£3,132) and £334 (£218); Pyrotechnics £2,081 (£1,325) and £365 (£204); and property profit in 1975-76 £16. Less pre-acquisition sales of £1,019 (nil) and profit £86 (nil).

As reported on November 8, on sales of £12.63m. (£9.45m.) pre-tax profit advanced to £1.71m. (£1.18m.). The net dividend is lifted to 2.174p (1.5030015p) with Treasury permission.

At year end net liquid funds were down £330,000 (£944,000) with bank loans and overdrafts up from £967,000 to £2.06m. Future capital spending amounted to £80,000 (£60,000) and at July 2, 1977, an additional £305,000 (£25,000) had been authorised but not contracted.

Exports were slightly higher at £3.61m. (£3.43m.) with the shortfall in North America being replaced by expansion elsewhere.

The auditors Morley and Scott are not to seek reappointment. It is proposed to appoint Dixon Wilson and Company.

The directors also propose to increase authorised share capital from £1.25m. to £2m. but say they have no intention of issuing any of the new shares at present.

Meeting, Barnet, Herts, on December 29 at noon.

F. Cooper recovers to £317,510

Cold rolled steel processor Frederick Cooper (Holdings) has returned a £317,510 pre-tax profit for the July 31, 1977 year against a £284,597 loss for the previous 16 months.

At half-time a £97,613 loss had been converted to a £147,962 profit. Turnover for the 12 months was £9.12m. against £8.98m.

The result is subject to tax of £196,504 (£132,743 credit) and net profit emerges at £121,006 (£151,854).

Earnings per share are stated at 2.12p (2.62p deficit) and the final dividend is restored with a 0.7p payment to lift the total from 0.4p net per 10p share to 1p.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Nov. 16, 1977 £m.	Change on month £m.
Eligible liabilities		
U.K. banks		
London clearing banks	22,254	+174
Scottish clearing banks	2,412	+ 35
Northern Ireland banks	756	+ 27
Accepting houses	1,383	− 9
Other	6,155	+ 43
Overseas banks		
American banks	3,750	+ 19
Japanese banks	223	− 16
Other overseas banks	2,543	+242
Consortium banks	127	− 21
Total eligible liabilities*	40,207	+495
Reserve assets		
U.K. banks		
London clearing banks	2,973	+ 35
Scottish clearing banks	322	− 8
Northern Ireland banks	114	+ 9
Accepting houses	281	+ 43
Other	1,033	+ 86
Overseas banks		
American banks	653	+ 72
Japanese banks	37	− 1
Other overseas banks	497	+ 67
Consortium banks	54	+ 1
Total reserve assets	6,064	+304
Constitution of total reserve assets		
Balances with Bank of England	289	− 76
Money at call:		
Discount market	2,357	−145
Other	275	+ 23
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury Bills	1,629	+490
Other bills:		
Local authority	132	+ 15
Commercial	707	+ 9
British Government stocks with one year or less to final maturity	675	− 12
Other	—	—
Total reserve assets	6,064	+304
Ratios %		
U.K. banks		
London clearing banks	13.4	+ 0.1
Scottish clearing banks	13.3	− 0.6
Northern Ireland banks	15.1	+ 0.7
Accepting houses	19.2	+ 2.2
Other	16.8	+ 1.3
Overseas banks		
American banks	17.4	+ 1.8
Japanese banks	16.3	+ 0.6
Other overseas banks	19.5	+ 0.8
Consortium banks	42.6	+ 6.9
Combined ratio	15.1	+ 0.6
	£m.	£m.
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	335	− 4
2—Finance houses		
Eligible liabilities	298	− 10
Reserve assets	32.0	− 3.0
Ratio (%)	10.8	− 0.6

Special deposits at November 16 were £1,162m. (up £27m.) for banks and £9m. (unchanged) for finance houses. * Interest-bearing eligible liabilities were £26,497m. (up £176m.).

London Clearing Banks' balances as at November 16, 1977

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m.	£m.	Change on month £m.	£m.
LIABILITIES				
Sterling deposits:				
U.K. banking system	4,512		+316	
Other U.K. residents	25,274		+ 64	
Overseas residents	2,099		− 15	
Certificates of deposit	2,307		+ 24	
		34,191		+390
of which: Sight		13,844		+ 44
Time (inc. CD's)		20,347		+345
Foreign currency deposits:				
U.K. banking system	3,662		+ 45	
Other U.K. residents	384		−115	
Overseas residents	10,367		− 73	
Certificates of deposit	1,111		− 44	
		16,034		−188
Total deposits		50,225		+201
Other liabilities*		7,995		−219
TOTAL LIABILITIES		58,220		− 18
ASSETS				
Sterling				
Cash and balances with Bank of England		1,007		− 80
Market loans:				
Discount market	1,677		−112	
U.K. banks	5,515		+289	
Certificates of deposit	1,245		−109	
Local authorities	1,124		− 75	
Other	465		+ 7	
		10,026		+ 99

	Total outstanding £m.	£m.	Change on month £m.	£m.
Bills:				
Treasury bills	923		+328	
Other bills	978		+ 41	
		1,900		[illegible]
Special deposits with Bank of England		770		[illegible]
Investments:				
British Government stocks	2,170		+ 60	
Other	1,082		− 4	
		3,252		[illegible]
Advances:				
U.K. private sector	16,734		+ 5	
U.K. public sector	128		− 7	
Overseas residents	2,533		+ 1	
		19,395		[illegible]
Other sterling assets*		5,100		[illegible]
Foreign currencies				
Market loans:				
U.K. banks and discount market	3,245		+ 42	
Certificates of deposit	358		− 6	
Other	6,489		−212	
		10,096		[illegible]
Bills		56		[illegible]
Advances:				
U.K. private sector	1,940		− 3	
U.K. public sector	1,209		− 21	
Overseas residents	2,717		− 55	
		5,867		[illegible]
Other foreign currency assets*		752		[illegible]
TOTAL ASSETS		58,220		[illegible]
Acceptances		315		[illegible]

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding	TOTAL Change on month	BARCLAYS Outstanding	BARCLAYS Change on month	LLOYDS Outstanding	LLOYDS Change on month	MIDLAND Outstanding	MIDLAND Change on month	NATIONAL WESTMINSTER Outstanding	NATIONAL WESTMINSTER Change on month	WILLIAMS & GLYN'S Outstanding	WILLIAMS & GLYN'S Change on month
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
LIABILITIES												
Total deposits	50,225	+201	13,752	+ 51	9,935	+132	10,281	+141	14,597	−158	1,660	+ [illegible]
ASSETS												
Cash and balances with Bank of England	1,007	− 80	327	+ 19	169	− 24	246	+ 22	238	− 87	28	[illegible]
Market loans:												
U.K. banks and discount market	10,441	+225	2,576	+ 38	3,994	+305	1,485	− 27	3,098	− 25	287	[illegible]
Other	9,681	−402	2,622	− 47	2,245	−180	1,569	− 7	2,810	−202	334	[illegible]
Bills	1,956	+372	352	− 20	243	+107	643	+ 35	672	+249	46	[illegible]
Special deposits with Bank of England	770	+ 14	212	+ 2	110	− 1	164	+ 6	229	+ 6	35	[illegible]
British Government stocks	2,170	+ 60	485	+ 19	468	—	468	—	581	+ 41	163	[illegible]
Advances	25,261	− 93	7,461	− 26	3,798	− 41	5,718	+ 66	7,415	− 60	860	[illegible]

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Outstanding	TOTAL Change on month	BARCLAYS Outstanding	BARCLAYS Change on month	LLOYDS Outstanding	LLOYDS Change on month	MIDLAND Outstanding	MIDLAND Change on month	NATIONAL WESTMINSTER Outstanding	NATIONAL WESTMINSTER Change on month	WILLIAMS & GLYN'S Outstanding	WILLIAMS & GLYN'S Change on month
Eligible liabilities	22,119	+175	6,965	+ 48	3,115	− 68	5,359	+260	5,862	− 63	818	[illegible]
Reserve assets	2,953	+ 34	931	+ 40	411	− 22	732	+ 60	763	− 41	116	[illegible]
Reserve ratio (%)	13.3	—	13.4	+ 0.5	13.2	− 0.7	13.7	+ 0.5	13.0	− 0.6	14.2	[illegible]

Kelsey on target with £1.99m.

TURNOVER for the year to September 30, 1977, of Kelsey Industries expanded from £12.15m. to £16.86m. and pre-tax profits advanced from £1.65m. to £1.99m. This is in line with the forecast made at midway, when profits stood at £981,415 against £624,157.

After tax of £1.03m. (£0.88m.) the attributable balance is up from £0.78m. to £0.97m. and full year earnings are shown to be ahead from 16.2p to 21p per 25p share. The dividend total is raised from 2.89625p to the maximum permitted 3.23475p net with a final of 1.98475p.

The principal activities of the group are the manufacture and sale of solder, soldering and audio accessories, sealants and mastic compounds and the business of industrial roofing and insulation contractors.

Manufacturing contributed £13.25m. (£8.81m.) to turnover and £1.37m. (£1.22m.) to profit. Sales were split as to U.K. £6.48m. (£4.45m.) and export £6.77m. (£4.36m.). Royalties added £75,339 (£53,723) to profit.

U.K. contracting turnover was £3.62m. (£3.34m.) and profit £398,628 (£234,297). Profits from other activities came to £147,627 (£143,827).

Mr. J. G. Moss, the chairman, reports that despite higher turnover, profit margins of the manufacturing companies have been reduced as a result of increased costs. The contracting company has benefited still further from improved efficiency and the elimination of unprofitable sectors.

Exports are still the prime target of the manufacturing companies and for the first time represent over half sales output.

Bib Hi-Fi Accessories has found an increasing demand overseas. The U.S. was the obvious market and to this end the group has entered into a joint enterprise, Bib Hi-Fi Accessories Incorporated, located in Dallas, Texas, in which it holds a 51 per cent. interest.

On the future, Mr. Moss says that the problems remain as before: inflation and a dearth of long term orders. The former is now less acute but the latter is particularly noticeable in the solder business. Production planning is therefore more difficult.

Last September it was announced that Grand Central Investment Holdings, a rubber and tea plantation group has acquired a 29.9 per cent. stake in J and B from Mr. Joel D. Lerner, who retained a 20.35 per cent. stake.

Chapman (Balham) falls at six months

Taxable profits of envelope manufacturers, Chapman and Co. (Balham) dropped from £163,738 to £42,545 for the 26 weeks to September 24, 1977. The directors say that although sales value increased from £3.04m. to £3.34m., volume has continued to reflect the low level of business activity.

Profit was struck after interest of £39,104 (£38,281) and is subject to tax of £17,000 (£79,000). The interim dividend is maintained at 1.478p net per 50p share—for 1976-77, payments totalled 3.924p from a £371,000 pre-tax surplus.

Margins were affected by the under-utilisation of machine capacity throughout the group, state the directors. Some use was made of the Government employment subsidies, in order to cushion the financial burden of holding certain employment levels at an operational minimum.

Large scale redundancies were avoided during the period and the directors point out that this decision to retain skilled labour has been correct since plant has been fully utilised for the last three months, within the limits of recent legislation on employment protection, which precludes the possibility of reinstating the night shifts in the foreseeable future.

JOHNSON & BARNES RIGHTS AT PAR

Knitwear group Johnson and Barnes is proposing a rights issue of 1.92m. shares on the basis of one-for-one at par, 12½p. The issue is subject to shareholders' approval.

Provident Life holds bonus

By Eric Short

Provident Life Association of London has maintained its role of being the first life company to announce its bonus rates on traditional with-profits contracts. The company has declared an unchanged rate of £4.25 per cent. of sum assured and attaching bonuses on its compound bonus series and an unchanged rate of £4.65 per cent. of the sum assured on its simple bonus series, which is closed to new entrants. In addition on this latter contract it is declaring an unchanged final bonus, payable on death or maturity claims in 1978, of 15 per cent. of attaching bonuses.

Although the company declared bonuses annually, it effectively reviews the position every three years. This year is the first year of the next triennium and the actuary has played safe by announcing unchanged bonus rates. The unchanged final bonus may come as a surprise considering the gains recorded this year in both the equity and gilt markets. But effectively, the bonus is designed to change the simple bonus into a compound bonus system rather than directly reflect capital appreciation as with other terminal bonus systems. The compound bonus series does not pay a final bonus.

Recovery by Anderson's Rubber

Following a depressed second half when only £1,686 was earned Anderson's Rubber Company has recovered to a £57,300 pre-tax profit in the July 31, 1977 half year. In the first six months last year a £70,506 profit was earned.

Directors say the problems that arose at the end of last year have been largely overcome and they hope for satisfactory results for this year.

Net profit for the latest period of £27,504 compares with £33,843.

The interim dividend is stepped up from 0.5p net per 20p share to 0.6p. A final of 0.9032p was paid last time.

Pension for £11,500 man ruled legal

AN £8,000 golden handshake and £100 a week inflation-proof pension paid to a senior county council official who retired through ill health and later took an £11,500 a year job was legal, it was ruled yesterday.

Mr. A. J. Kappler, Hampshire County Council district auditor dismissed an objection, ruling that the council's decision "was not so unreasonable as to be contrarty to law."

A year after he retired as council Secretary Mr. Tony Johnson, 42, was appointed head of legal services for the Welsh Land Authority.

After the auditor's ruling the objector, Mr. Brian Southcott, called for a public inquiry.

RESULTS AND ACCOUNTS IN BRIEF

WOLVERHAMPTON STEAM LAUNDRY—Turnover (excluding VAT) £314,406 (£266,700) for six months to September 30, 1977 and pre-tax profit £2,600 (loss £4,100), after depreciation £5,700 (£5,400). Tax £1,100 (credit £1,700), and net profit attributable to shareholders £1,500 (loss £2,400).

RADLEY FASHIONS AND TEXTILES—Results for the year to April 19, 1977, already known. Group fixed assets £166,992 (£159,256). Net current assets £503,590 (£464,659). Meeting, Berners Hotel, W. on December 22, at 10 a.m.

C. H. BEAZER (HOLDINGS) (commercial, industrial and residential developers)—Results for year to June 30, 1977 reported on November 19. Group fixed assets £1.56m. (£1.33m.) and net current assets £5.68m. (£14.03m.). Meeting, Bath December 22 at noon.

NORTH AMERICAN TRUST COMPANY—Results for the year to November 1, already known. U.K. investments at market valuation £27.88m. (£14.69m.). Overseas £21.57m. (£26.36m.). Unquoted and Term Loan at directors valuation £540,918 (£387,275). Meeting, Dundee on December 28, at noon.

AMBROSE INVESTMENT TRUST—Net asset value per capital share as at October 31, 1977, 134.3p (previous month 140p).

PAHANG CONSOLIDATED—November output of Lode tin concentrates 153 tonnes (October 152 tonnes).

WYDNHAM ENGINEERING COMPANY—Turnover half-year to September 30, 1977, £114,000 (£109,000), pre-tax profit £4,300 (£19,000), tax £900 (£9,500). Profit badly affected by disputes in iron and steel and associated trades, directors say. While immediate future of these trades is not too bright, Board hopes second half will show improvement.

SINGLO HOLDINGS—Results for year to March 31, 1977, already known. Group fixed assets £1.36m. (£1.05m.). Net current assets £9.41m. (£9.37m.). As at November 11, Empire Plantations held 25 per cent. of the equity and Caparo Investments held 28 per cent. Meeting, Isleworth on December 30 at 11 a.m.

KEAN AND SCOTT (furniture retailers and manufacturers)—Turnover, year to March 31, 1977, £484,835 (£686,989), profit £50,881 (£17,502) before tax £13,804 (£3,765) and extraordinary credit £8,548 (nil). Earnings per 25p share 8.6p (3.1p). No dividend on Ordinary or Preference shares (same). On June 3 Mr. S. Willson, chairman, offered to purchase, subject to shareholders' approval, the whole of the beneficial interest in the company's wholly-owned subsidiary—Premier (Atoase) Upholstery Company. Further details in circular with annual report. In Board's opinion, inclusion of results of Premier would be misleading and they are therefore excluded. Premier's pre-tax loss was £11,736 (loss £6,320, which is included above).

LEGAL NOTICES

No. 003093 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of OSBALDESTON TAXICABS (LONDON) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 2nd day of December 1977, presented to the said Court by B.P. OIL LIMITED [illegible]

[illegible]

BEAUCROFT, HYMAN ISAACS, 1, Chancery Lane, London, WC2A 1SU. Ref.: [illegible] Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. [illegible]

No. 003814 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of PAGEBAR PROPERTIES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice [illegible]

[illegible]

PICKERING KENYON, [illegible] Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. [illegible]

No. 00503 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Group A, Leeds District Registry. In the Matter of MONETARY INVESTMENTS MARITIME LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice [illegible] INTERLINK AIR FREIGHT LIMITED [illegible]

[illegible]

DIBB, LUPTON & CO., 6, Butts Court, Leeds LS1 5JX. Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. [illegible]

No. 003685 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of DAYTELL STORAGE AND DISTRIBUTION NETWORK LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice [illegible]

[illegible]

KINGSFORD DORMAN & CO., [illegible] Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. [illegible]

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Early 9 fall in increased activity

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 6.

A WIDESPREAD and fairly sharp decline in increased activity took place on Wall Street this morning. The Dow Jones Industrial Average was 9.27 lower at 811.76 at 1 p.m., and the NYSE All Common Index 61 cents weaker at $51.51, while losses held a substantial lead over gains by a five-to-one margin. Trading volume expanded by 4.13m. shares to 29m., compared with 1 p.m. yesterday.

Analysts attributed the fall to further end-year tax selling, concern about the coal strike which began to-day, and worry that motor sales may have started a long-term decline.

Closing prices and market reports were not available for this edition.

Also lower were Ford Motor, down $¾ at $43¼.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
…rco	311,400	36	−1¾
…Ray McDermott	253,500	56½	+6¾
…orton Simon	253,000	19¾	−¾
…ticorp	174,400	23½	−¾
…eleprompter	161,600	9¾	−¼
…arborundum	147,300	44½	+1¾
…S. Industries	135,200	7¾	−¼
…ell Oil	135,100	33	−½
…A Services	133,100	8¼	+¼
…neral Motors	124,300	63¾	−¾

A host of Blue Chip and glamour stocks lost ground. R. J. Reynolds fell $1¼ to $60½, Data General $1⅜ to $47⅜, IBM $2¼ to $260½, Burroughs $1⅞ to $67½, and Disney $1⅛ to $39¼ xd.

Sohio lost 1¼ to $69⅜, Texas Instruments $1¼ to $89¼, and Santa Fe $1 to $53¾.

Du Pont slipped $1⅜ to $115¼—the U.S. Environmental Protection Agency is studying the risks of its pesticide Benomyl after it was found to cause birth defects in laboratory rats.

THE AMERICAN SE Market Value Index fell 1.51 to 122.78 at 1 p.m. after a moderate business. Volume 1.58m. shares (1.68m.).

Dome Petroleum gave up $1⅛ to $44 and Husky Oil $1⅛ to $23⅜.

OTHER MARKETS

Canada also weak

Canadian Stock Markets also lost ground across a broad front in fairly active early dealings yesterday. The Toronto Composite Index retreated 8.2 to 1021.4, while Oils and Gas fell 22.6 to 1368.5, Banks 1.58 to 234.54, Papers 0.96 to 90.36, and Metals and Minerals 6.9 to 814.8.

Profit-taking occurred after the recent broad advance in Oil and Gas shares. Pacific Petroleum lost $¾ to $37¼, while Hudson's Bay Oil, despite raising the dividend, fell $1 to $47¼.

PARIS—Market weakened after a one-hour delay in opening due to a union meeting for Bourse personnel, which decided to stop quotations between 12.30 and 13.30 local time to-day, Bourse sources stated.

Kleber fell sharply by the maximum permitted daily amount and was withdrawn. In Foods, Carrefour fell 16 to Frs.1,367 and BSN-Gervais Danone 8 to Frs.412. Elsewhere, Air Liquide receded 8.5 to Frs.251.5, BIC 36 to Frs.548, Michelin "B" 35 to Frs.1,191 and Skis Rossignol 30 to Frs.1,740.

BRUSSELS—Most local shares were lower after active trading. Sofina retreated 50 to B.Frs.2,935 and Arbed 30 to B.Frs.1,750, but Electrobel put on 20 to B.Frs.6,600. U.K. and Dutch issues were little changed, but Germans, U.S. and French lost ground. Gold Mines rose with the Bullion fixing.

AMSTERDAM — Mainly easier on the U.S. dollar's weakness.

Royal Dutch led Dutch Internationals lower with a loss of Fls.1.5.

Elsewhere, Van Ommeren declined Fls.2.5 and OCE Grinten Fls.1.5.

Heineken, however, added Fls.1.3 ahead of its 1976/77 year figures, due after the market close.

State Loans weakened. Market sources noted that an increase in the Bank Rate, currently 4½ per cent., is possible shortly.

GERMANY—Prices lost further ground across a broad front, as confusion on the Foreign Exchange markets caused investors to hold off while the volume of selling increased.

Preussag lost DM11 to DM123 after indicating that there would be no dividend for this year, while Mannesmann fell DM3.70 to DM161.3 on the company predicting lower 1977 profits.

Public Authority Bonds lost up to DM0.45 on a high level of offerings. The Regulating Authorities bought DM22m. nominal of stock, well above their DM5.6m. purchase the previous day and the heaviest intervention in recent weeks. Mark Foreign Loans were steady on balance.

COPENHAGEN—Irregular. Burmeister and Wain were a dull spot, down 6½ at Kr.367.

STOCKHOLM—Market was in firm fettle, with Cellulosa up 8 at Kr.213 and Fagersta 7 higher at Kr.65.

SWITZERLAND—Stocks drifted lower in light trading, reflecting the continued weakness of the dollar and the overnight decline on Wall Street.

Export-orientated issues were particularly affected, with Ciba-Geigy losing 20 to Sw.Frs.1,260, and Sandoz 90 to Sw.Frs.4,050.

VIENNA—Firmer-inclined, with Veitscher Magnesit notable for a rally of 7 points to 218.

SPAIN—Selling pressure persisted, taking the stock market close to its 1977 low and leaving the general index 0.35 weaker at 63.61.

MILAN—Stock prices remained easier-inclined, with the market index shedding 0.23 more to a 1977 low of 56.01.

However, towards the close some recently oversold stocks showed some recovery, Snia Viscosa picking up 17 to L427 and Fiat 9.5 to L1,940.

JOHANNESBURG—Gold shares registered gains extending to 100 cents after moderately active trading on both Overseas and local interest following higher Bullion indications.

HONG KONG—Narrowly mixed but with a firmer bias in subdued trading.

Hong Kong Bank eased 10 cents to $HK18.30, but Jardine Matheson gained 10 cents to $HK13.20. Hutchison hardened 2½ cents to $HK3.125 and Hong Kong Dock 5 cents to $HK9.95, both prior to being suspended while Hutchison Whampoa is formed as the holding company for their merger.

TOKYO—Market sustained a further decline, led by export-orientated issues, with investors remaining cautious following the U.S. dollar's fresh weakness against other major currencies. The Market Average fell 17.72 more to 4,886.68. Volume 200m. shares (220m.).

Vehicles, Electricals and Precision Instruments were sharply lower, Toyota Motor falling Y21 to Y791, Nissan Motor Y12 to Y681, Sony Y10 to Y1,790, and Matsushita Communication Y48 to Y950.

AUSTRALIA—Overnight gains in London gave a boost to leading shares, while the market generally remained firm on the Government's election prospects.

BHP advanced 12 cents more to $A5.62, while Pioneer Concrete rose 5 cents to $A1.30 and Myer 4 cents to $A1.92. In Sugars, CSR were 5 cents higher at $A2.93, while Banks had ANZ 3 cents firmer at $A3.28.

Among Uranium issues, Queensland Mines moved ahead 15 cents to $A2.05, Peko-Wallsend 16 cents to $A5.06, and Pancontinental 40 cents to $A8.50.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♠ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. …

$ volatile

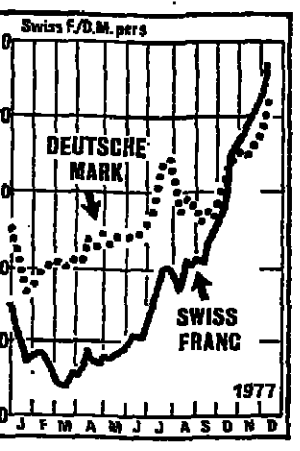
The U.S. dollar fell sharply against the stronger European currencies in early trading yesterday, but finished well above its weakest levels, following the statement by the West German Finance Minister. European central banks intervened on a fairly large scale as the West German D-mark touched a record level of DM2.1540 in terms of the dollar, and the Swiss franc an all-time high of Sw.Frs.2.1050. Herr Apel's comments on the dollar helped the U.S. currency to improve to DM2.1780 against the dollar, compared with DM2.1870 on Monday, while the Swiss franc finished at Sw.Frs.2.1300 against the dollar, compared with Sw.Frs.2.1225 previously.

The authorities in Belgium, Denmark, Holland and Norway intervened to help their respective currencies, and stem the D-mark's advance within the European currency snake.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened to 3.32 per cent. from 3.05 per cent.

Sterling was helped by the U.S. unit's weakness, and touched a best level of $1.8410-1.8425 before lunch. The dollar's partial recovery pushed the pound down to a low point of $1.8190-1.8200 in the afternoon, and it closed at $1.8215-1.8225, a fall of 85 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, fell to 63.2 from 63.5, after touching 63.4 at noon and 63.7 in early trading.

Gold rose $¼ to $159½-160¼ in moderate trading.



CURRENCY RATES

	Special Drawing Rights December 5	European Unit of Account December 5
Sterling	0.650322	0.645433
U.S. dollar	1.19100	1.18332
Canadian	1.31658	1.30940
Austria Sch.	18.6808	18.5291
Belgian franc	41.0657	40.8010
Danish krone	7.24902	7.19502
Deutschemark	2.60948	2.59020
Dutch Guilder	2.82805	2.80915
French franc	5.76027	5.72023
Italian lira	1043.75	1036.49
Japanese yen	288.877	285.962
Norway krone	6.35160	6.30619
Spain peseta	97.9705	97.2264
Swedish krone	5.69238	5.64916
Swiss franc	2.53076	2.51037

EXCHANGE CROSS-RATES

Dec. 5	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1775-80	44.95-45.05	6.544-554	3.970-975	92.35-45	102.30-40
New York*	45.70-72	—	20.70-72	2.993-902	[illegible]	42.17-19	47.06-08
Paris	223.05-25	4.8165-8285	—	14.152-166	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	34.10-15	7.06-09	—	[illegible]	[illegible]	16.15-17
London	3.96¼-97¼	1.8215-8225	[illegible]	[illegible]	—	4.29½-30½	[illegible]
Amst'dam	108.30-55	2.3452-3457	48.665-715	[illegible]	[illegible]	—	111.095-145
Zurich	97.61-71	2.1275-85	45.96-44.05	6.1845-1970	—	90.14-26	—

U.S. $ in Toronto U.S. $=110.49-52 Canadian Cents.
Canadian $ in New York=90.48-50 U.S. cents. U.S. $ in Milan 875.80-6.10
Sterling in Milan 1595.80-1597.50. *Rates for Dec. 5.

EURO-CURRENCY INTEREST RATES*

GOLD MARKET

	Dec. 6	Dec. 5
Gold Bullion (a fine ounce)		
Close	$159½-160¼	$159¼-160
Opening	$160¼-161	$157¾-158½
Morning fix'g	$161.25 (£87.612)	$158.65 (£86.600)
Aftern'n fix'g	$159.85 (£87.661)	$159.50 (£87.036)
Gold Coins (domestically)		
Krugerrand	$165¾-167¾ (£91-92)	$164¾-166¾ (£90-91)
New Sov'r'gns	$49¼-51¼ (£27-28)	$48½-50½ (£26½-27½)
Old Sov'r'gns	$49¼-51¼ (£27-28)	$47½-49½ (£26-27½)
Gold Coins (internat'lly)		
Krugerrand	$165-167 (£90½-91½)	$164-166 (£89½-90½)
N'w Sov'r'gns	$49¼-51¼ (£27-28)	$48½-50½ (£26½-27½)
O'd Sov'r'gns	$48½-50½ (£26¾-27¾)	$47½-49½ (£26-27)
$20 Eagles	$248¼-251¼	$246¼-249¼

FOREIGN EXCHANGES

Dec. 6	Bank Rate %	Day's Spread	Close
New York	6	1.8190-1.8425	1.8215-1.8225
Montreal	7½	2.0050-2.0550	2.0090-[illegible]
Amsterdam	4½	4.29-4.35	4.29½-4.30½
Brussels	7	62.50-63.00	[illegible]
Copenhagen	[illegible]	10.99-11.15	11.01-11.02
Frankfurt	3½	3.95-4.01	3.96-3.97
Lisbon	15	73.65-74.65	[illegible]
Madrid	8	149.60-151.35	149.70-149.80
Milan	11½	1,594-1,610	1,594-1,595
Oslo	6	9.65-9.78	9.66-9.67
Paris	9½	8.80-8.86	8.80-8.81
Stockholm	8	8.62-8.77	8.66-8.69
Tokyo	4¼	438-448	440-442
Vienna	5½	28.35-28.65	28.40-28.50

OTHER MARKETS

FORWARD RATES

Indices

NEW YORK—DOW JONES

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

TOKYO

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND

COPENHAGEN

STOCKHOLM

SPAIN

MILAN

VIENNA

INTL. FINANCIAL AND COMPANY NEWS

EUROBONDS

Assessing the Eurosterling venture

BY MARY CAMPBELL

A THOROUGH assessment of the prospects for the further use of sterling in the Eurobond market will not be possible until the secondary market has settled down. The speed with which issues have been made—six worth £120m. in four weeks—has swamped the dealers and underwriters and depressed prices further than they would have gone if the market had been started up more sedately. However, the experience of the first month has made some points clear.

The main point revealed at this stage is that it is extremely unlikely that there will be any more issues until the New Year at least. A few days ago, some commentators were even suggesting that the three issues which were priced on Monday would be the last. This degree of pessimism now seems to have faded, but there is no doubt that the Eurobond market has had its bellyful of sterling bonds for the moment.

Opinions vary on the volume of genuine demand there is from retail investors. The sharpness of the fall in secondary market prices (which is shown up in the table by the difference between the yield at which the bonds were offered at the time of issue and the yield on the current bid price), suggests strongly that significant proportions of these issues are still sitting in the hands of the selling group members. On the other hand, houses which have been involved in selling these bonds all agree that there is some genuine retail demand for them.

A point made by one of the five houses which have so far handled issues is that their launching has attracted demand from investors who would never have considered buying gilts. The argument here is that the selling group for Eurobonds is in effect an "organised promotion" for the bonds being offered—the members of the selling group have the inducement of a 1½ per cent. commission on Eurobonds which is not available on gilt-edged.

The result of this, apparently, is that investors who have hitherto not considered investing in sterling are now being caused to do so.

On this argument, the potential demand for these issues "is a function of how persuasive its promoters are."

On the other hand the experience of the first month of activity suggests that there has got to be some rethinking on the appropriate yield level for sterling Eurobond issues. When the first issue—£15m., later increased to £20m., for the European Coal and Steel Community—was announced on November 8—the comparisons were immediately made with the yield on gilt-edged.

The level of demand for the ECSC issue was such that the final terms involved a yield somewhat below that ruling on a comparable gilt-edged stock (the yield to final maturity that is—in terms of yield to average life, the ECSC issue stood comparison with gilts much better). Subsequent issues however have not compared so well.

To take the most extreme example among the last three, the European Investment Bank's £20m. 15 year issue has been priced to yield 9.78 per cent. to its final maturity. This was almost exactly two points below high coupon 15 year gilts on average, and half a point below War Loan.

Precisely where the yield level should be pitched, however, is a matter on which issuing houses are divided. According to some, the argument being put forward widely three weeks ago to explain the heavy demand for the ECSC issue—that Eurobond investors place a big premium on receiving interest free of tax without the complications of registering non-resident status which are involved in receiving interest on British Government stocks gross of tax—is still thought valid: that is, sterling Eurobonds should be priced to yield slightly below a comparable gilt.

On the other hand, others argue that the level of demand for the first two issues—particularly the ECSC issue—was due to the attractions of novelty and that if this sector of the market is to be developed seriously, borrowers must be prepared to pay a yield which at least compares with gilts.

The matter on which there has been most argument in the market this week has been the advantages of a queue for sterling issues. The suggestion has been made that the Bank of England should have arranged a queueing system for sterling Eurobonds such as effectively exists in the other non-dollar sectors of the Eurobond market.

Opposition from the issuing houses themselves, if nothing else, would be likely to stop such a development. It seems likely that the managers of the three issues which were announced but simultaneously just over a week ago had been made aware by the Bank that there were other issues immediately pending. The decision was left to the issuing houses—and in general they seem to feel that they do not want a queueing system to be set up.

As one of the three said quite candidly yesterday, "It's the bankers' fault if the market goes wrong, not the Bank of England's fault."

	Amount £m.	Final maturity	Yield at time of issue	Yield yesterday*
ECSC	20	1989	9.625	10.00
Total	25	1984	9.125	9.85
FFI	20	1987	9.750	10.46
Fisons	10	1987	10.250	—
EIB	25	1992	9.780	—
Courtaulds	20	1988	10.04	—

* Approximate redemption yield on the secondary market bid price: trading has not yet started in the last three issues.

Preussag now sees loss for 1977

BY ADRIAN DICKS

BONN, Dec. 6.

PREUSSAG, THE West German base metals, engineering and energy group, warned to-day that it now expects to show a loss for 1977, largely because of the continued fall in the zinc price during the third quarter. In a statement to shareholders on the first nine months, the company made clear that what it described as "extraordinary factors since the middle of the year" had made it revise the hope expressed at the annual meeting last summer of maintaining its dividend this year.

A revival of zinc prices during the current quarter might have turned this unfavourable situation round, Preussag states, but it notes that with the further drop in the producer price from $700 to $600 a tonne, this appears scarcely likely. Sales agreements for 43,500 tonnes of the metal, up to 10,000 tons from the second quarter, were concluded without the higher volume contributing anything to profitability.

Weaker prices for lead, copper, silver, cadmium and minor metals contributed to a 12.6 per cent. drop in turnover in the metals division, to DM189m. The division contributes some 43 per cent. of the group's total sales.

A more satisfactory picture emerges of Preussag's leasing business in oil, chemical and industrial gas-carrying railway tank wagons, though its parallel special purpose river boat fleet was less profitable due to the slackening of the chemicals business.

Orders to the group's building materials sector were up 7.4 per cent., while both stationary and mobile fire-protection materials and equipment continued to show satisfactory growth. Foreign orders for well-sinking and water supply work were up 20 per cent., with large deals now concluded in Saudi Arabia, Nigeria, Iraq and Kuwait.

Preussag appears to have made no further progress in its efforts to secure a majority in Patino, the Dutch-based international mining house. A spokesman said that it still hoped to build up to a majority the 30 per cent. holding in Patino announced with a flourish last spring. German press reports have referred to disagreements among the Patino family as the obstacle to Preussag's ambition to secure through the deal more direct access to the London Metal Exchange and metals, including tin, which it does not produce itself.

Meanwhile, Preussag announced to-day that its research ship "Sonne" has sailed for the Red Sea, to resume its programme of research into exploitation in conjunction with Saudi Arabia of ore-bearing marine sediments. It also stated that research work into the mining of deep-sea manganese nodules, in which the group is associated with other international mining companies, is proceeding satisfactorily.

Heineken opts for scrip issue

By Michael van Os

AMSTERDAM, Dec. 6.

HEINEKEN, the Dutch-based international beer and drinks group, announced here today an unchanged cash dividend and a 25 per cent. scrip issue of shares out of the reserves.

A statement ahead of the annual report for the financial year 1976-77, ended September 30, added that the net profits have risen to Fls[illegible] in the year. This is 18.3 per cent. up on the Fls[illegible] profits made the year before. Total sales amounted to Fls2.47bn., which is up 15.8 per cent. The company's profit per share has risen to Fls.11.8 in 1976-77 from Fls.9.97 in the previous year.

A comparison with the half year figures shows that business has developed well in the second half. In the first six months, the turnover had risen by 6 per cent., while the profit per share had risen by the same percentage. It is reported that its position has improved in a number of "important" markets.

Heineken added in its statement that the Board will propose to the AGM on January 10 next, an unchanged cash dividend of Fls3.50 per share and also the scrip issue. The cash dividends, it is pointed out, should offset the Dutch income-tax to be withheld on the bonus distribution. The new shares from the 1 for 4 scrip will fully share in the profit of the financial year 1977-78.

German DM450m. bond issue

FRANKFURT, Dec. 6.

THE FEDERAL Government has raised DM450m. from domestic banks through an offer of two-year non-interest bearing Treasury bonds (U-Schaetze) sold at a 4.30 per cent. discount, to yield 4.50 per cent., according to market sources, reports Reuter.

The transaction was made yesterday, and serves to tide the Finance Ministry over a seasonal bottleneck in its cash position, as well as indirectly helping to absorb part of currency inflows which have come into Germany recently, the sources said.

The yield was the same as that on the Finance Ministry's tender sale of DM1.8bn. of two-year U-Schaetze in early November.

The sources said that one reason for the fresh offer of two-year bonds was that many investors have now completed positions for 1977, and the market is therefore reluctant to take up Federal notes the Finance Ministry is offering in very tight conditions in longer-term sections of the capital market.

The Finance Ministry traditionally has a tight cash flow position at the start of December, because increased end-year expenditure is not matched by income until large quarterly tax payments begin to flow around mid-December.

● The report of the DM450m. borrowing comes at a time when there has been speculation on the Federal Government's funding plans for the end-year. Dealers have been expecting the Government to raise some DM1bn., on longer-term paper. While the DM450m. now said to have been raised would tend to reduce the Government's underlying borrowing needs, it was thought by some dealers yesterday that the Government might gear its funding programme to a relatively high level in order to take advantage of the market's end-year liquidity.

IDB plans rights issue

By L. Daniel

TEL AVIV, Dec. 6.

THE Investment Corporation of Israel Discount Bank—the country's third largest banking institution—proposes to pay to all shareholders an interim cash dividend of 18 per cent. on the nominal value of shares and to recommend that this be regarded as the final dividend for 1977. In addition, it proposes to distribute bonus shares at the rate of 25 per cent.

The corporation is currently considering an issue of securities within the coming two months, which will include a rights issue to existing shareholders and to holders of share warrants of series AAA.

Le Cellulose capital

LE CELLULOSE du Pin, a major French paper producer, said it intends to seek shareholder approval shortly to increase its capital to Frs.290.1m. from the current Frs.116m. by issuing 2,320,938 new shares of Frs.75 nominal value, reports AP-DJ from Paris.

French interest rates climb

BY DAVID CURRY

PARIS, Dec. 6.

OVERNIGHT RATES on the French money market have climbed to 9½ per cent., following the continuation of pressure on the franc in the wake of speculation favouring the D-mark and the Swiss franc.

Bank of France intervention rates against first-class paper have moved up to 9 per cent. and the monetary authorities are keeping the market fairly tight in liquidity, so as to sustain the slight upward pressure on rates.

The commercial banks are thought likely to react to the rising cost of money sooner or later by increasing their base rate for lending. This was dropped from 9.6 per cent. to 9.3 per cent. in September, when the main concern of the monetary authorities was to prevent rates slipping below the 8 per cent. mark. There is some speculation that the base rate could go up to 9.7 per cent.

However, the base rate is a fairly notional rate of interest in practical terms, and the factor with a much more concrete influence on rates is the physical limitation on the volume of credit expansion imposed by the central bank as part of the monetary control of the economy.

Traditional first-class bank clients have benefited from the downward movement in rates until the end of the autumn, much more than other categories of borrower. With the banks' ability to lend being effectively curtailed by the ceilings imposed upon them, clients have not been able to threaten with any conviction to take their business elsewhere if the rates charged to them have seemed on the high side.

AMERICAN NEWS

New oil and gas accounting proposal

BY STEWART FLEMING

NEW YORK, Dec. 6.

COMPANIES IN THE U.S. will have to standardise their methods of accounting for the costs of searching for and developing new oil and gas fields if a ruling by the Financial Accounting Standards Board comes into effect.

The Board, which has the primary responsibility for developing accounting standards, has proposed that the oil companies use "successful efforts" accounting. Under this method, costs of finding and developing successful wells are shown on the assets side of a balance sheet and written-off over the life of the well, but unsuccessful drilling costs have to be charged against the profit and loss account immediately.

There has been fierce opposition to this proposal by medium and smaller oil companies who have been writing-off the cost of unsuccessful wells over several years. They have argued that charging these costs to revenue immediately will create volatile earnings patterns and make it more difficult to raise new finance.

A subsidiary concern is that in recent years it has become harder to find new reserves, and the risks of failure have risen with higher drilling and exploration costs.

The new FASB standard will be subject later this month to hearings held by the Securities and Exchange Commission. The SEC will have the freedom either to accept, reject or modify the FASB finding. Historically, however, it has usually followed the FASB approach.

The FASB approach deals only with exploration and development costs accounting, and does not touch on standardising marketing, distribution and refining accounting methods, where there is already greater compatibility between companies. The U.S. Department of Energy is, however, engaged in a project to collect information about these aspects of the energy industry's business on a standard basis—although this information will not be public.

Kolton set for FASB post

MR. PAUL KOLTON, chairman of the American Stock Exchange, who retires from that post on January 3, is expected to be named chairman of the Advisory Council of the Financial Accounting Standards Board, reports AP-DJ from New York.

The Advisory Council suggests areas of accounting to which the rule-making Board should direct its attention. The chairman of the Board has been serving also as chairman of the Advisory Council, whose members are not paid. However, the rule-setting body decided the council should have its own chairman, who should be paid. Board members, who have full-time duties, are paid $140,000 a year.

It is understood that Mr. Kolton would receive from $35,000 to $56,000 a year as chairman of the council. The actual amount would depend on how much time—from 25 per cent. to 40 per cent.—he would have to devote to the post, a source explained. For instance, if it was determined that 25 per cent. of his working time was required, he would be paid 25 per cent. of the $140,000 paid members of the accounting board.

Philip A. Hunt opens speciality plant

PHILIP A. Hunt Chemical Corporation, of the U.S., in which Turner and Newall recently purchased a 52 per cent. stake, has opened a $6m. speciality chemicals plant at Lincoln, Rhode Island, writes Kevin Done.

The organic chemicals plant will make chemical intermediates chiefly for the photographic and office copier industries. The £34m. acquisition by Turner and Newall of Philip A. Hunt has taken it for the first time into the area of speciality chemicals. The plant is expected to be fully on stream by mid-December.

Hudson's Bay Oil and Gas dividend

HUDSON'S BAY OIL AND GAS said it raised its quarterly dividend to 40 cents from 38 cents reports Reuter from Calgary.

FIRESTONE TIRE

Fourth Quarter	1977 $	1976 $
Revenue	1.21bn.	1.02bn.
Net profits	25.3m.	16.1m.
Net per share	44 cents	28 cents
Year		
Revenue	4.43bn.	3.94bn.
Net profits	110.2m.	96.0m.
Net per share	1.92	1.68

DEERE & CO.

Fourth Quarter	1977 $	1976 $
Revenue	977.97m.	714.27m.
Net profits	46.3m.	36.1m.
Net per share	76 cents	60 cents
Year		
Revenue	3.60bn.	3.13bn.
Net profits	255.6m.	241.6m.
Net per share	4.24	4.05

Interfood integration

BY JOHN WICKS

MANAGEMENT of all marketing facilities and most administrative operations of Swiss companies belonging to the Interfood group is to be integrated as from the end of 1978.

Interfood SA, of Lausanne, is best known for its chocolate industry subsidiaries, Suchard and Tobler, but also controls the confectionery firms Renaud and Schaetti in Switzerland, as well as the Ritz pastry manufacturers and the sauce producer, Gautschi.

The co-ordination of commercial activities in Switzerland is intended to strengthen the group by rationalisation. The position of Interfood companies is hoped to be promoted both on the domestic market and in exports.

Profitability of Interfood—whose group cash flow reached SwFrs.47.08m. last year on a gross basis after turnover of SwFrs.1.11bn.—is expected to improve as a result.

Paris to raise Frs.300m.

THE CITY OF Paris plans to launch a Frs.300m. 11 per cent. bond issue shortly at par, Paris mayor's financial adviser Christian de la Malene told journalists.

The bonds, yielding 11.86 per cent., will be amortised in annual instalments starting 1979.

M. de la Malene said Paris need to raise another loan next year, possibly on the international capital market. Reuter

Finmeccanica sales rise

FINMECCANICA SPA, the State holding company for the metalworking and machinery sectors and a subsidiary of Istituto per La Ricostruzione Industriale (IRI) reported a sharp rise in sales and orders for the first 10 months of this year, reports AP-DJ from Rome.

Sales in the January-October period totalled L1,721bn., up from L1,358bn. in the like 1976 period. Of the 1977 total L959.1bn. was in the domestic market and L762.1bn. for export.

This must be viewed against a domestic annual inflation rate of 19 per cent. at October last.

New orders totalled L2,[illegible]bn. up from L1,547bn. in the 1976 period. Of the 1977 total L952.6bn. were in the domestic market and L1,168bn. abroad.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

MEDIUM TERM CREDITS

Morocco raises $325m. in third borrowing this year

BY FRANCIS GHILES

[TH]E KINGDOM OF MOROCCO [ha]s just obtained a $325m. seven [ye]ar loan on split spread over the [in]terbank rate of 1¼ per cent. for [th]e first three years rising to 1½ [pe]r cent. for the remaining four [fr]om a group of banks led by [Cit]i-Corp. This is the largest [of] three substantial Moroccan [bo]rrowings this year and that for [wh]ich the Moroccans have [ob]tained the finest terms.

The information memorandum cent. of annual external debt service at current levels.

The figures concerning Morocco's balance of trade confirm that the trade deficit this year is expected to show an increase on 1976's figure of $1.046bn. Poor harvest and the continued growth of imports of capital goods help to explain these figures.

The deficit on the balance of payments is expected to reach for two loans to other African countries, Madagascar and Senegal.

The first is borrowing $30m. for six years on a spread of 2 per cent. This represents Madagascar's first foray into the medium term market.

The proceeds of this loan, which is tied to export credits are earmarked for the purchase of a Boeing 747 which is designed to replace existing equip-

CURRENT MATURITY STRUCTURE OF MOROCCAN FOREIGN PUBLIC DEBT

Outstanding at October 31, 1977 ($USm.)

SOURCE OF LOAN	1-5 yrs.	5-10 yrs.	10-20 yrs.	Over 20 yrs.	Total
North American countries	19.3	—	—	421.5	440.8
European countries	115.0	35.7	10.2	538.1	699.0
Middle Eastern countries—Iran	—	300.0	—	275.6	575.6
Socialist countries	—	—	1.4	—	1.4
International organisations	—	—	223.7	168.6	392.3
Eurocredits	470.0	458.0	—	—	928.0
Total	604.3	793.7	235.3	1,403.8	3,037.1

Source: Ministry of Finance.

[ac]companying this loan includes [in]teresting figures where [Mo]rocco's finances are concerned. [Th]e country's outstanding [ex]ternal debt has doubled from [$1.]512bn. at the end of 1975 to [$3.]037bn. at the end of October [19]77. At the same date, the total [con]tracted public debt stood at [$4.]6bn. Of the outstanding debt, [$1.]109bn. is in the form of fixed [int]erest soft loans; the rest, not [inc]luding the latest loan, is made [up] of medium-term debt from [com]mercial banks.

Morocco has achieved a steady [gr]owth in reserves in the past [fiv]e years. Gross international [res]erves have increased from [$1]37m. at the end of 1972 to [$]1m. as of August 31 this year [Th]is figure includes $24m. worth [of] gold valued at $42.22 an [oun]ce). Gross international [res]erves to-day represent 2.6 [mo]nths of imports and 247 per

$1.698bn. in 1977 as compared with a figure of $1.339bn. last year and $536m. the year before. As far as forecasting the immediate future is concerned, recent economic data is a mixed bag. The textile industry, an important foreign exchange earner, has been hit by EEC decisions to restrict textile imports from Third World countries; the harvest this year has been poor and tourists arrivals have declined partly due to the attraction of Spain for holidays following the devaluation of the peseta.

On the brighter side the amount of phosphates exports (the country's main foreign currency earner) has increased, and earnings from this source in 1977 are most likely to show an increase on the last year's figures.

Citicorp is also lead manager ment. The second operation is a $60m. seven year loan to Senegal. The borrower is paying a spread of 2 per cent. and intends to use the money for three major agro-industrial projects.

Another first-time borrower is Mauritius which is raising $30m. for seven years on a split spread of 1¾ per cent. for two and a half years rising to 1⅞ per cent. from a group of banks led by Lloyds Bank International. The proceeds will be invested in industry, the country's aim being to lessen its dependence on the sale of sugar. Seventy-three per cent. of export earnings originated from that source last year and Mauritius would like to reduce that figure to 50 per cent.

The external debt of Mauritius which stands at $51.6m. currently consists almost exclusively of soft loans.

Investment abroad by Indian nationals

By K. K. Sharma

NEW DELHI, Dec. 6.

THE MAJORITY equity participation by Indian investors in joint ventures abroad, which the Government is to allow, is to be handled on a case-by-case basis, and will require that the country in which the project is located does not object to it.

So far, equity participation by Indian businessmen abroad has not been permitted by the Government. The change has been made on the basis of proposals made by delegations of chambers of commerce and industry, which found developing countries suspicious of Indian collaborators for this reason.

Another reason for the suspicion is that the Government has insisted that only Indian machinery and capital equipment be used in the joint ventures abroad. The chambers have recommended that investors be allowed to float global tenders for such equipment since they are confident of securing an overwhelming majority of the contracts.

The relaxation of foreign investment rules has been decided on partly because foreign exchange reserves are now comfortably high and growing, and so permit their use for this purpose.

Tulip earnings dip

COPENHAGEN, Dec. 6.

TULIP, the co-operative slaughterhouse, increased turnover by 6 per cent. to Kr.1.4bn. in the year ending September 30 while earnings fell slightly from Kr.47.5m. to Kr.45.5m., reports Hilary Barnes.

SOUTH AFRICAN EQUITY INVESTMENT

Institutions are poised

BY RICHARD STUART IN JOHANNESBURG

A FORCEFUL argument in favour of equity investment is rapidly gaining currency in Johannesburg investment circles. The argument is based on the weight of funds accumulating in the hands of the pension funds and insurers and the realisation that there could be a serious scarcity of supply of financial assets, particularly equities, through 1978.

The institutions have grown at a phenomenal rate over the past decade. In 1967, their total annual cash flow was R350m. This year it is expected to total over R1.8bn. and to grow another 16 per cent. in 1978.

Just over half annual cash flows are required by law to be invested in Government and public sector stock. But in both 1976 and 1977, Government, in an effort to meet Budgetary needs without raising taxes, forced the institutions to divert a far greater portion of their cash flows into Government stock by requiring them to increase the percentage of total liabilities invested in the public sector, by an "extra 2 per cent." in 1976 and "an extra 3 per cent." in 1977.

The private sector was thus starved for funds, and naturally the most discretionary of all investment sectors, equities, took the brunt of the cutback. In 1976 only 10 per cent. of institutional cash flows, or R167m. was invested in the sector. While this was the lowest percentage on record, it now appears that only R144m., or 8 per cent. of cash flows will find their way into equities this year.

Historically, institutions have invested around 15 per cent. of cash flow in equities, while the boom market years of 1968, 1969 and 1973 saw institutions commit between 25 per cent. and 30 per cent. in this way. If the Government does not again raid the institutions in the March Budget and their discretionary cash flows are restored, there will be a dramatic increase in the amount of cash available for equity investment. If the normal percentage is restored in 1978, over R300m., more than double the 1977 commitment, is set to be channelled into equities. This is substantially more than the record R274m. that was invested by the institutions in the boom year of 1973.

There is a growing consensus among life companies and pension fund managers that the Government will not require additional funds from the institutions in 1978, providing that the gold price holds above $150 an ounce. Indications are that the Government's current borrowing requirements will be met comfortably, even substantially exceeded. The public sector loan programme for 1978, announced last week, indicates that there will actually be a 10 per cent. decline to R575m. in public corporation demand.

Escom, though, will probably continue to be an active seller of stock in the secondary market as it switches its borrowings from foreign to local sources. So far this year, Escom has sold R332m. of stock into the secondary market.

Local refinancing of private sector foreign borrowings will also provide a source of financial assets, but will do nothing to offset the growing imbalance of institutional portfolios. The inescapable fact is that institutions are light of equities. Liberty Life's recognition of this was the motivating force behind its recent acquisition of Fugit, the largest investment trust listed in Johannesburg.

While cash flows have been growing at a compound rate of about 16 per cent., the supply of equities on the Johannesburg Stock Exchange has actually diminished in recent years, mainly through takeovers. Net disinvestment of South African equities by foreigners will continue, and even accelerate as the market is forced higher by the weight of local funds. Mining financials, and De Beers in particular, will continue to stream from London to Johannesburg, but the supply of leading industrials from foreign holdings has pretty well been exhausted in the prolonged bear market.

Two important new sources of equities are likely to be multinationals' selling of South African subsidiaries and domestic rights issues. The two are not unconnected. Capital structures of the leading South African industrial stocks are now stronger (less geared) than for many years. But a 20 per cent. to 30 per cent. rise in the Index is expected to prise out a number of big rights issues, as corporations take advantage of the availability of funds to increase cash holdings in anticipation of the spate of foreign-owned companies that are expected to come on offer.

But an initial rise in the market is reckoned a prerequisite to untapping this supply. Leading industrial blue chips like Barlows and SA Breweries are currently in powerful bull phases and with institutions concentrating on 100 or so stocks, the "two-tier" market could become more pronounced.

ANNUAL CASH FLOW OF PENSION FUNDS AND INSURERS

Year	Insurers Rm.	Pension funds Rm.	Invested in equities Rm.	Percentage of cash flow in equities
1965	171	111	52	18
1966	198	143	49	14
1967	212	151	59	16
1968	268	195	115	25
1969	316	198	143	28
1970	334	208	87	16
1971	365	249	113	18
1972	437	259	103	15
1973	569	382	274	29
1974	566	431	115	12
1975	781	577	207	15
1976	1,063	620	167	10

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
...n Australia 8½pc 1989	99¾	100¼
...V 8pc 1987	97	97½
...ralia 8½pc 1992	96¾	97¼
...tralian M. & S. 9½pc '92	100¾	101¼
...clays Bank 8½pc 1992	98¾	99¼
...ater 9½pc 1992	100	100½
...N. Railway 8½pc 1986	99	99½
...dit National 8½pc 1986	98¾	99¼
...mark 8½pc 1984	101½	102
...9pc 1995	100½	101
...8½pc 1987	98½	99
...8½pc 1992	100	100½
...9½pc 1989	100½	101
...sson 8½pc 1989	99¾	100¼
...o 8pc 1986 Nov	101½	102
...Lakes Paper 8½pc 1984	99¾	100¼
...ersley 9½pc 1992	101½	102
...ro-Quebec 9pc 1992	99	99½
...8½pc 1987	99	99½
Canada 9¼pc 1986	103	103½
...millan Bloedel 9pc 1992	100¾	101¼
...ssey Ferguson 9¼pc 1991	102¾	103¼
...helin 9½pc 1988	101½	102
...land Int. Fin. 8½pc 1992	99	99½
...ional Coal Bd. 8pc 1987	98¼	98¾
...ional Westmnstr. 9pc '86	102¾	103¼
...foundland 9pc 1989	101½	102
...ges Kom. Bank 8½pc '92	97¾	98¼
...pipe 8½pc 1989	97¾	98¼
...sk Hydro 8½pc 1992	97¾	98¼
...9pc 1988	100¾	101¼
...ts Autonomes 9pc 1991	99¾	100¼
...v. Quebec 9pc 1995	97	97½
...v. Saskatch. 8½pc 1986	101	101½
...d International 9pc 1987	97¾	98¼
...M 9pc 1992	97½	98
...ection Trust 8½pc 1989	94¾	95¼
...nd. Enskilda 9pc 1991	100½	101
...F 8pc 1987	95	95½
...den (K'dom) 8½pc 1987	97¾	98¼
...ited Biscuits 9pc 1989	99¾	100¼
...vo 8pc 1987 March	98¾	99¼
...TES		
...stralia 7¼pc 1984	96¾	97¼
...Canada 7¼pc 1987	97¼	97¾
...Columbia Hyd. 7¼pc '85	95½	96¼
...h. Pac. 8½pc 1984	99½	100
...w Chemical 8pc 1986	101	101½
...S 7¼pc 1982	97¾	98¼
...S 8½pc 1989	97½	98½
...C 7¾pc 1982	97½	98¼
...C 7¾pc 1984	97¼	98¼
...o Gutzeit 8½pc 1984	98¼	99

	Bid	Offer
Gotaverken 7½pc 1982	98¾	99¼
Kockums 8pc 1983	98½	99¼
Michelin 8½pc 1983	100½	101
Montreal Urban 8½pc 1981	99½	100
New Brunswick 8pc 1984	98½	99
New Bruns. Prov. 8¾pc 1983	102	102½
New Zealand 8½pc 1986	98¾	99¼
Nordic Inv. Bank 7¾pc 1984	97½	98¼
Norsk Hydro 7¾pc 1982	98¾	99¼
Norway 7¾pc 1982	97¾	98¼
Ontario Hydro 8pc 1987	97¾	98¼
Singer 8½pc 1982	101	101½
S. of Scot. Elec. 8¾pc 1981	100¼	101¼
Sweden (K'dom) 7¾pc 1982	97¾	98¼
Swedish State Co. 7¾pc 1982	97½	98
Telmex 9½pc 1984	99½	100
Tenneco 7¾pc 1987 May	94½	95½
Volkswagen 7¾pc 1987	96½	97
STERLING BONDS		
ECS 9¾pc 1989	97½	98
Finance for Ind. 9¾pc 1987	96	96½
Total Oil 9¼pc 1984	96½	97
DM. BONDS		
Austria 6½pc 1985	105½	106½
BFCE 7pc 1987	104	105
Denmark 6¾pc 1983	103½	104½
EIB 6¾pc 1984	105½	106½
Grand Met. 7pc 1984	100	100¾
Hydro-Quebec 6¾pc 1987	99½	100½
ICI 6¾pc 1987	103¾	104½
Montreal 7pc 1987	100¾	101½
Norsea Gas 7pc 1989	105	106
Norsk Hydro 6¾pc 1989	104¾	105½
Norway 5¾pc 1982	102½	103½
Shell 6½pc 1989	107½	108
Spain 6½pc 1984	99¾	100½
Sweden 6½pc 1984	104¾	105½
World Bank 6½pc 1987	102¾	103
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16pc	98¾	99¼
BFCE 1984 7pc	97½	97¾
BNP 1983 8½pc	97½	98¼
CCF 1985 7pc	98½	98¾
CGMF 1984 6 13/16pc	97¼	98¼
Creditanstalt 1984 7¾pc	98¼	98¾
Credit Lyonnais 1982 6¾pc	98¾	99¼
DG Bank 1982 6¾pc	99½	99¾
GZB 1981 7¼pc	99¾	100¼
Intl. Westmnstr. '84 7 15/16pc	98¾	99¼
Lloyds 1983 7¾pc	100	100½
LTCB 1982 6½pc	98¾	99¼

	Bid	Offer
Midland 1982 8pc	101¼	101¾
Midland 1987 7 11/16pc	98¼	98¾
OKB 1983 8¼pc	99¼	99¾
SNCF 1985 6 13/16pc	96¾	97¼
Stndd. and Chtrd. '84 6½pc	98¾	99¼
Wms. and Glyn's 1984 7pc	98¾	99¼
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	81	83
Ashland 5pc 1988	92	94
Babcock & Wilcox 6½pc '97	92½	93½
Beatrice Foods 4½pc 1992	94	96
Beatrice Foods 4¾pc 1992	107	109
Beecham 6½pc 1992	97½	98½
Borden 5pc 1992	100½	102½
Broadway Hale 4½pc 1987	76½	78½
Carnation 4pc 1987	79	81
Chevron 5pc 1988	122½	124½
Dart 4¾pc 1987	79½	81½
Eastman Kodak 4½pc 1988	86	88
Economic Labs. 4½pc 1987	80	82
Firestone 5pc 1988	84	86
Ford 5pc 1988	85	87
General Electric 4½pc 1987	82	84
Gillette 4½pc 1987	76½	78½
Gould 5pc 1987	116½	118½
Gulf and Western 5pc 1988	79	81
Harris 5pc 1992	138	140
Honeywell 6pc 1986	87	89
ICI 6¾pc 1992	87	88
INA 6pc 1997	95½	96½
Inchcape 6¾pc 1992	106	107
ITT 4½pc 1987	80½	82½
Jusco 6pc 1992	101¾	102¾
Komatsu 7¼pc 1990	99½	100½
J. Ray McDermott 4¾pc '87	165	167
Matsushita 6¼pc 1990	119½	120½
Mitsui 7¼pc 1990	102½	103½
J. P. Morgan 4¾pc 1987	95	97
Nabisco 5½pc 1988	99	101
Owens Illinois 4½pc 1987	128	130
J. C. Penney 4½pc 1987	79	81
Revlon 4½pc 1987	114	116
Reynolds Metals 5pc 1988	84½	86½
Sandvik 6½pc 1988	101¼	102¼
Sperry Rand 4¼pc 1987	84½	85½
Squibb 4½pc 1987	77½	79½
Texaco 4½pc 1988	79	81
Toshiba 6½pc 1993	90½	91½
Union Carbide 4½pc 1982	92	94
Warner Lambert 4½pc 1987	81½	83½
Warner Lambert 4½pc 1988	77	79
Xerox 5pc 1988	78	80
Source: Kidder, Peabody Securities.		

Why the ghost of Beeching haunts German railways

BY IAN HARGREAVES

THE GHOST of Dr. Beeching, whose period as king of the line closures still troubles the memories of British railmen is now haunting West Germany. Or perhaps it would be more accurate to say that his spirit has been summoned up by the men at the head of the German Federal Railway, Deutsche Bundesbahn, and those within the Ministry of Transport who are attempting to push through a tough programme of line closures intended to reduce the size of the 29,000-kilometre (18,000-mile) network by one-third.

Dr. Wolfgang Vaerst, first president of DB, admits frankly that the task should have been undertaken "at least 20 years ago, but it was politically impossible. Now, we are quite determined to succeed." He in fact, proposed even larger cuts than those eventually sanctioned by the German Cabinet and has said that if the programme of closures is resisted, the annual cost of West Germany's railway to the taxpayer will rise from an already colossal £2.4bn. to £7.5bn. by 1985.

Resistance

Technically the German transport Minister has the power to close railway lines, but in Federal Germany as elsewhere in Europe, the matter is intensely political and closures are resisted especially strongly by the individual States, the Laender. A process of consulting their Governments about the details of the closure programme is now more than half complete.

There is much speculation within Germany as to whether the Bonn Government has the will to ride through this tide of regional resistance in support of DB's strategy, which is to substitute bus services for thinly used branch lines and to concentrate on building up speeds and even laying down some new track to improve the express Inter-City network.

Not surprisingly, the German plan for cuts has numerous similarities with proposals to thin out loss-making rail services made in Britain during the Beeching era and, indeed, since. West Germany, which has had a "save the rail" campaign, has been forced to concede a no-redundancies agreement to the 400,000 employees it had at the beginning of the year. It has also been accused of abandoning its freight responsibilities in face of competition from the heavy lorry, and has struggled to allay regional fears that the bus services it plans to put in when the trains are withdrawn may not provide as good a service or may in the end not even survive.

But there are differences in circumstances and approach. Politically, Bonn faces a task of greater magnitude than Dr. Beeching did because it is living more visibly with the consequences of the heavy lorry, and for a central European country these consequences are considerable. Austria is about to impose stiff transit tariffs, most European countries have strict limits on the number of transit permits they will issue to road hauliers, and Germany has been to the forefront in promoting the kangaroo, or piggyback system, by which lorries are carried on railway wagons over long distances.

This has stimulated a road versus rail debate of the kind so drearily familiar to British Transport Ministers, but in Germany, with direct rail connections stretching across continents (only a Channel Tunnel could offer this to British Rail), the freight opportunities are greater. But that has not, apparently, made it easier to compete. Last year the railway carried 326m. tonnes, the second lowest amount since 1969. In own favourably presented statistics, its share of long-distance goods movements has sunk from 40 to 36 per cent.

In Britain the response to a somewhat more serious decline has involved haphazard Government price controls, infusion of revenue support, but a withdrawal of backing for investment programmes at certain critical stages which, combined with a number of very bad decisions in the 1960s, has left Britain's rail freight business struggling for viability with a rump of around 180m. tonnes of goods a year.

British Rail has chosen to concentrate on bulk-train business and a limited amount of wagon-load and container carrying, controlled by a real-time computer system. The main effect has been to render freight marshalling yards almost obsolete, whereas the Germans are busily engaged in a widespread marshalling yard construction programme, including the partially on-stream Maschen yard near Hamburg, whose cost is put at around £200m. It will have a theoretical capacity of 14,000 wagons a day.

Performance

On the passenger side, DB's traffic has climbed steadily between 1967 and 1974, until industrial recession turned the trend slightly downwards again. This performance, much stronger than British Rail's, has been fostered by a low fares policy, which goes some way towards explaining the size of the Government contribution to railway finances, and of course by the fact that Germany still has a very large and dense rail network. Dr. Vaerst estimates, however, that his closure proposal will only drive away 2 to 3 per cent of passenger business, and that even this will be compensated for by the continuing upward trend of Inter-city passenger-miles. As far as fares go, DB admits that a rise is overdue but it is fearful of the effect on traffic. The Government's current position is that a rise within a ceiling of 20 per cent would be acceptable.

The actual fares structure is much more rigid than in Britain, with tickets priced precisely according to length of journey and class of travel, although, as in Britain, there is a move towards encouraging off-peak travel at cheap rates by special groups such as old age pensioners and students. Supplements are payable on Inter-city and trans Europe express trains, which are almost exclusively first class. DB's problem, like virtually all the European railways, is to increase patronage at a time when motor car ownership is still growing steadily because only greater utilisation can justify the massive investment which railways require to maintain ageing assets and to improve productivity.

Improved productivity, the rock upon which British Rail's chairman says he will build his network's future, is also critical for DB. A comparison of way productivity in Europe made for a House of Commons select committee, showed Britain and Germany sharing the wooden spoon.

As a matter of urgency, Dr. Vaerst, by a process of natural wastage, by 1982 must get rid of almost a quarter of the 400,000-strong workforce he had at the beginning of the year. He must ensure that he strikes the right balance within his workforce, given that the run-down so far has been most effective in reducing the number of manual labourers at this time. Of the 211,000 almost unmoveable men of civil service status...

Asked to describe his ... century railway, Dr. Vaerst speaks of greater automation and the fact that the line between Hanover and Wurzburg will need only 10 persons per shift rather than the present 300. It will also be operating at much higher speeds.

Dangers

So Dr. Vaerst, a civil servant with the majority of his experience in transport and ... and Mr. Peter Parker, the British Rail chairman, are faced with problems similar in ... though of differing magnitude, at this time. ... Engrossed in their ... problems, both railways ... both Governments realise the danger of insularity, but it is not so far done much to promote either really useful ... within the EEC or promote measures of operational ordination. The best of the operation has been in marketing to tourists, the worst doubtedly in seeking common freight policies.

Within the German Government one senses tetchiness as they see it, a lack of ... cash and commitment to freight in Britain and ... European States. From W... hall emanates a feeling that German obsession with ... problem and the anxiety bearing a huge deficit, is hi... ing progress in taking a ... look at the future of ... transport in general thr... Europe. From that point of ... Dr. Vaerst's surgery could ... useful first step towards recovery of the patient.

CINEMAS APPEAR TO-DAY ON PAGE 24

FARMING AND RAW MATERIALS

Metal price explosion 'by 1980s'

By Our Commodities Staff

STAGNATION IN mining investment could lead to "massive increases" in metal prices in the early 1980s, says Mr. Robert Perlman, managing director of the Commodities Research Unit.

He told the meeting of the Society of Business Economists yesterday that depressed prices had led to investment virtually drying up in some metal sectors, particularly copper.

"No provision is being made to expand capacity for the future," he said. "Assuming even slow growth continues, the present slack in capacity working will eventually be taken up and we will be moving into the 80s with many metal industries working at full capacity.

"But, because of the long gestation periods in mining investment it will also be with no prospects of adding significantly to existing capacity in these sectors for five years or more.

"If the past is anything to go by, this will set off massive price increases with rises of two- or three-fold and even more in double quick time."

He warned that the longer prices remained depressed the surer and higher the future reaction would be.

Whaling quota cut decision is reversed

TOKYO, Dec. 6.

THE 17-NATION International Whaling Commission set next year's total sperm whale catch quota in the North Pacific at 6,444.

Members voted for a recommendation adopted by its scientific committee last week that the quota should be 6,444 instead of 763 agreed in Canberra last June.

The vote is seen as a victory for Japan and the Soviet Union, which take about 75 per cent of the world's whale catch.

The new quota, which compares with 7,200 this year, comprises 5,105 males and 1,339 females.

The commission also set a closed season between March and June for catching male sperm whales over 45 feet long below a latitude of 40 degrees north.

The meeting also decided to split the North Pacific into east and west management areas next year.

Reuter

New moves to end union's ban on Icelandic fish

BY OUR COMMODITIES STAFF

HOPES OF an end to the ban on landing Icelandic-caught fish at U.K. ports rose yesterday following a three-hour meeting between two Humberside MPs, Icelandic trawler owners, the Icelandic Consul and representatives of the Transport and General Workers' Union whose members are operating the ban.

After the meeting, at a hotel near Selby, participants said they were "optimistic" about finding a solution. A further meeting will be held in London on Friday.

The union agreed in principle to end the ban early last month in response to a call from onshore fish interests in the Grimsby area but despite opposition from trawler owners and fishermen.

It said then that its members would be recommended to lift the ban provided the Icelanders agreed to share their landings equitably between the ports of Grimsby, Hull, Fleetwood and Aberdeen.

The union is also concerned to extract some sort of guarantee on continuity of supplies from the Icelanders.

Mr. Austin Mitchell, one of the MPs at the meeting, said afterwards that there was no point taking off the ban unless definite arrangements could be made with the Icelanders.

But the British Fishing Federation, which represents the trawlermen, doubts the Icelanders' ability or willingness to use the U.K. as anything more than a "last resort" market at times when supplies are plentiful.

"When catches are at their lowest in the January-to-March period they will want to sell their fish into richer markets," a spokesman said.

He said the Federation understood the problems of the onshore industries but would still regard the ending of the ban as "a kick in the teeth for U.K. fishermen."

Among those who would be delighted to see an end to the ban, however, are Britain's fishmongers.

Many retailers face closure in the next few months if restrictions on imported fresh fish from Iceland and Norway are not eased, Mr. Alexander Bannerman, vice-president of the National Federation of Fishmongers, told the Commons Select Committee on the fishing industry yesterday.

He also called for a Government-backed fish marketing board, similar to those dealing in milk and potatoes, to help halt the "dramatic decline" in the numbers of traditional fishmongers' shops.

"As purveyors of a valuable natural resource, they will be unable to survive the winter."

Federation figures show that numbers of fishmongers throughout the U.K. had fallen to 4,000 from 10,500 in 1939.

Including frozen fish, people to-day only ate an average 12.9 pounds a year, compared with 21.8 pounds in 1939.

Norway threatens to bar EEC trawlers

BY ROBIN REEVES

BRUSSELS, Dec. 6.

A NORWEGIAN threat to exclude all EEC vessels from its waters from January 1 unless the Common Market settles its revised common fisheries regime, intensified pressure on Community fish negotiations to-day.

The threat has evidently been made as a result of growing Norwegian impatience at the failure of the Common Market to settle its internal regime, which the Irish Government insists is an essential pre-condition to the signing of a long-term reciprocal fisheries agreement between the EEC and Norway or any other non-Community fishing nation.

But after a day's intensive discussion on two basic elements—the share-out of the total allowable catch in the EEC's 200-mile pond and fish stock conservation arrangements—Ministers were far from an agreement.

On the catch share-out, Mr. John Silkin, the U.K. Minister, and Herr Josef Ertl, his German counterpart, made clear that the distribution proposed by the Brussels Commission was unacceptable. But there was a surprising measure of support for the Commission's plan from other delegations.

The British and Germans complain that their shares did not take account of the considerable losses their fishing fleets have sustained in non-EEC waters.

But Mr. Silkin refused to be drawn on how big a rise in the U.K.'s share of the catch in EEC waters he would accept as compensation for the losses.

Britain and Ireland were similarly isolated in discusisons on conservation arrangements. Mr. Silkin came under pressure to accept that in the event of the Council of Ministers agreeing to a series of stringent conservation measures, he would renounce the right to take unilateral national action except in emergencies.

Dairy farmers expect more for milk

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DAIRY FARMERS expect to hear by to-morrow how much they are to be paid for milk during the first three months of next year.

They believe that the price will be about 52p a gallon. The present figure is around 48p.

There are several factors involved. To pay farmers 52p a gallon the milk price on the liquid market would have to be raised to 12½ a pint from 11½p and if the whole of the increase was placed on the end-price, consumption—already showing signs of falling — could tumble.

Should the Government, under EEC pressure, insist on a reduction of the consumer subsidy, the retail price could rise to 13p a pint.

The balance of milk production would have to be sold on the manufacturing market for a price around intervention levels.

Unless the green pound was to be devalued, the return in this market could depress the overall returns to producers who supply the U.K. Milk Marketing Boards, of which there are five.

Mr. Finn Gundelach, Agriculture Commissioner, is believed to be in favour of the Boards keeping their control of the retail market for the present.

But he is thought not to favour the continuation of their monopoly over the supply of milk to the manufacturing industry, or that they should indulge in manufacture at all.

Fresh rise in coffee futures

By Our Commodities Staff

COFFEE PRICES rose sharply on the London futures market yesterday afternoon as speculators increased purchases in response to more "bullish" patterns on market charts.

By the close January delivery coffee had risen £49 to £1,777 a tonne.

Dealers said the renewed activity after two weeks of relatively featureless trading was due to a developing tight supply for this month and January shipments.

The market was also concerned over reports that the new Brazilian price for January coffee would be higher than this month's level.

Traders and roasters have been expecting the discounts offered by Brazil before the recent reduction in the official export price to continue but it is not clear whether this is the case.

They noted, however, that there was no compensating increase in the export price following yesterday's devaluation of the cruzeiro.

'Farmers left in the cold'

By Our Commodities Staff

THE COMMON Market's green currency system puts an intolerable burden on British farmers while encouraging production among inefficient farmers elsewhere in the European Community, Sir Christopher Soames, former vice-president of the EEC Commission, said in London last night.

Sir Christopher, who has also seen service as a Minister of Agriculture in Britain, told the Farmers' Club that green currencies were designed to cover movements between parities of 5 to 10 per cent.

"But no one foresaw sterling was going to have to be devalued to a point where there is to-day an effective difference in prices paid to farmers in different countries of the Community of the order of 30 per cent. and more," he said.

He added that while he did not want to see the system done away with, the gross unfairness and serious distortion to which it gave rise had to be removed.

Sir Christopher said the distortion was not properly understood in Britain.

"It means in effect that whereas every other section of our society has been cushioned from the vast devaluation of our currency which flowed from highly inflationary economic policies, agriculture has been left out in the cold."

FARMING AND CLIMATE

Is our weather growing colder?

BY A SPECIAL CORRESPONDENT

FEARS THAT unusual weather of the 1970s may herald a change in climate have led the CIA and many others to take an interest in this possibility and its potential effects on agriculture.

Similar concern led to a recent seminar on climatic change and European agriculture at the Centre for European Agricultural Studies, Wye College, Kent. The meeting brought together climatologists, farming experts, businessmen, and EEC officials.

The European Community usually busy with more commonplace policy making has a panel studying the problem.

Prof. H. H. Lamb, one of the panel's members, from the climatic research unit at the University of East Anglia, is in no doubt that a shift in climate is taking place.

The difficulty is discovering how the weather is changing. Evidence suggests that there is a cooling trend and that the weather we have experienced in 70 years from the beginning of the century has been exceptionally favourable and stable.

More important, in the short to medium term, is the increased variability in weather that the general cooling will bring. This variability means extremes of weather, such as last year's drought, will be more frequent than we are used to. This will cause increased problems for farming and the industries that supply it.

A cooling trend will not necessarily be bad for all crops but it will affect them differently. Cereal yields in the main grain belts of Europe could be increased through a slight cooling.

However, growing cereals at their climatic margins, in the northern and upland areas, would be increasingly difficult.

Any farming system at a climatic margin would be the first to feel the effect of a cooling or increased variability of the weather. The odds on bad years with poor yields or difficult conditions would make them more marginal economically.

Particularly worried about a more variable weather pattern were the industry representatives at the seminar. The agrochemicals industry is especially sensitive to weather patterns because of the influence on pests.

The drought last year for example, led to a seven-fold increase in the area treated against cereal aphids in the U.K. and a three-fold increase in France.

A less direct link with weather was shown by the drought in 1972 in the Soviet Union which led it to buy substantial amounts of grain from the U.S.

During the next two years over 40m. acres were brought into production in America which, in turn, led to a $200m. increase in pesticide consumption.

One agrochemical company said if the weather was going to be more variable the industry might not be able to adjust to wildly fluctuating demands. It had managed to do so in the past, when, in the 1960s and early 1970s it had a growth rate of 12-15 per cent. But this was down to 5 to 6 per cent. and was expected to be 3 to 4 per cent. in the 1980s.

With such a low growth rate a deviation from the norm could not easily be met from spare capacity, and substantial supply, stock and supply difficulties would be experienced.

Given the consensus that the climate is likely to be more variable it leaves the problem of how to forecast the probable occurrence of extremes. If the weather of the first 70 years is not the best guide to future weather patterns then what is? More research is needed to discover this and to develop better weather forecasts.

Given a probability of droughts one year in five or wet springs four out of seven, farmers and company planners can assess their cropping systems and production capacities accordingly.

U.K. meat and stock sell well in France

BY OUR COMMODITIES STAFF

BRITISH farmers and exporters earned about £85m. from sales of meat and live animals to France during the first nine months of this year.

More than half the total came from exports of fresh and chilled beef and veal—particularly the expensive hindquarters — and shipments of calves produced a further £11m.

The Meat and Livestock Commission's latest export figures show that in the nine months the French bought more calves than in any full year previously.

Between January and September they took 133,511 head compared with 109,800 calves in the whole of last year and only 38,700 the year before.

Beef and veal sales, are running only marginally ahead of last year, and lagging markedly behind 1975, in spite of an apparent abundance of market openings in France.

France, formerly one of the major suppliers of beef to the EEC's mountainous stockpiles, has not contributed any so far this year, and old cold-store stocks have been whittled away to next to nothing.

In West Germany, on the other hand, the intervention agencies have bought in 286,830 tonnes of surplus beef so far this year, and at the last count monthly purchases were just short of 20,000 tonnes.

In Ireland, too, the intervention agency is buying in 3,000 tonnes a week.

Thingamyjig wins at Smithfield

THINGAMYJIG, a 15-month-old cross-bred steer weighing 556 kilos, won the supreme championship at the Royal Smithfield Show at Earls Court, London, yesterday.

A cross between an Aberdeen Angus and a Charolais bull, the champion was bred by Ivory and Lascelles, who have about 1,000 head of cattle on their 4,500-acre farm in Perthshire. He was their third Smithfield supreme champion.

Mr. Lascelles said the animal was named by his daughter, who also dubbed the farm's 1972 winner, Whacko, and Clunk Click, who won in 1973.

Thingamyjig is 451 days old and has put on 1.23 kilos of meat every day of his life.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Easier on the London Metal Exchange in quiet trading. Forward metal declined from £889 to £883 pre-market, but recovered to £886 in the morning rings against the background of a strong pound. But sterling was static in the afternoon and although [illegible]

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £857, 56.5, 55, 55.5, 55, 54.5, 55, 55.5, 56. Cathodes, cash £859, three months £875, 74.5. Kerb: Wirebars, three months £885.5, 86, 87, 86.5, 87. Afternoon: Wirebars, cash £871, 71.5, three months £885.5, 86, 86.5, 86, 87. Cathodes, cash £860, three months £875.5. Kerb: Wirebars, three months £887, 86.5, 87, 87.5. [illegible]

TIN—[illegible] two-way trading with forward metal starting at £6,830 after a steady Eastern price overnight. It declined to £6,800 but then climbed to £6,858 as pricing purchases vied with hedge selling and general liquidation. In the afternoon the price eased to close on the Kerb at £6,830. Turnover 1,570 tonnes.

Morning: Standard, cash £7,180, 85, 80, three months £6,820, 10, 20, 30, 40, 45, [illegible]

[illegible]

I. G. Index Limited 01-351 3466. Three months Tin 6800-6860
29 Lamont Road, London SW10 0HS.

COFFEE

Coffee futures surged upward and breakthrough was completed above recent [illegible]

[illegible]

RUBBER

EASIER opening on the London physical market. Fair interest throughout the day, closing quiet. Lewis and Peat reported the Malaysian godown price was 198 (200) cents a kilo (buyer, December).

[illegible]

SOYABEAN MEAL

[illegible]

GRAINS

[illegible]

SUGAR

[illegible]

SILVER

[illegible]

COCOA

[illegible]

WOOL FUTURES

[illegible]

VEGETABLE OILS

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

[illegible]

U.S. Markets

[illegible]

BOND DRAWING

COMPANY NOTICES

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

COTTON

[illegible]

Bermuda troops move

HAMILTON, Dec. 6.

THE BERMUDA government today planned to send home about one-third of the 250 British troops who arrived on Sunday to help quell three days of rioting and racial tensions on the island. Authorities said that 80 soldiers of the Royal Welsh Regiment stationed in Belize were to return to base if the island remained calm following last week's bout of arson and racial confrontation.

Reuter

India to regulate tea sales

By Our Own Correspondent

CALCUTTA, Dec. 6.

TEA INTERESTS controlling auctions at Calcutta, Gauhati and Siliguri—the auction centres in north east India—have agreed in principle that offerings from January to March next year will be regulated to stabilise prices.

STOCK EXCHANGE REPORT

Index 4.3 off at 482.0 after profit warning from EMI

Gilts up to ¾ better following activation of long tap

Account Dealing Dates

Option

First Declarations	Last Dealings	Account Day
*First Dealings		
Nov. 18	Dec. 8	Dec. 9	Dec. 20
Dec. 12	Dec. 29	Dec. 30	Jan. 11
Jan. 3	Jan. 12	Jan. 13	Jan. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The equity market's underlying reluctance to go ahead in the absence of genuine demand showed through quite clearly yesterday in a sudden turndown which was started by afternoon reports of the EMI chairman's profits warning at the annual general meeting, particularly by his remark that the group, like many others, is finding its overseas business and interests under considerable pressure.

The FT 30-share index showed a turnround of 7.8, having been 3.5 up at 11 a.m. before closing with a net loss on the day of 4.3 at 482.0. Yesterday's fall of 33 to 187p in EMI accounted for about 2.5 of the index loss.

Sentiment in equities was also disturbed by rumours circulating towards the close that the latest bank lending figures, due to be published to-day, would have bearish implications for the market.

British Funds, on the other hand, were looking for some encouragement from the same figures and also took heart following the activation of the long tap Treasury 10 per cent. 1992 at 89¾ bid before withdrawal by the Government Broker, presumably to establish a higher level; the stock was issued less than three weeks ago at 95¼. Widespread gains to ¾ in Gilts left the Government Securities index up 0.41 for a three-day gain of 0.72 at 74.71. Trade remained thin with speculative activity in second-line issues again accounting for much of the business which left official markings at 4,135, still lower than last week's poor daily average.

The FT-Actuaries All-share index was barely changed at 210.75; GEC's favourable interim statement helped the Electricals sub-sector to move up 1.7 per cent. and, in contrast, the Entertainment sub-sector fell 2.3 per cent., mainly on EMI.

Gilts encouraged

The continuing fall in industry's raw material costs and Mr. Healey's endorsement of the Government's prediction of a single-figure inflation rate by next spring encouraged the market in Gilt-edged. The late afternoon action by the Government Broker in activating the long tap Treasury 10 per cent. 1992, underpinned the movement with the result that closing gains among mediums and longs extended to ¾. Shorter maturities also went ahead but became hesitant reflecting the subsequent reaction in sterling before firming once more on hopes that to-day's banking statistics could prove favourable to the market; final rises here ranged to 1/16 apart from Exchequer 3 per cent. 1981, which, mirroring an attempt to find a trading level, was lowered ¼ to 87¾.

Arbitrage selling connected with business in Hong Kong securities negated the effects of sterling on late sentiment in the investment currency market and the premium fell ½ to 96 per cent. Yesterday's SE conversion factor was 0.7251 (0.7222).

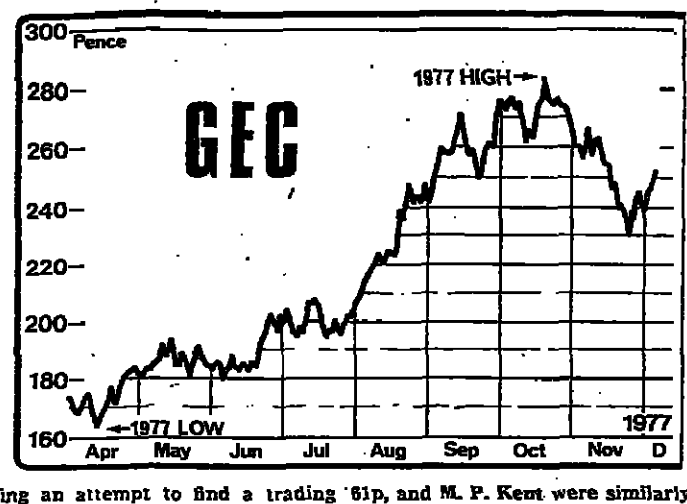
Discount Houses mirrored the extended firmness in Gilt-edged. Allen Harvey and Ross rose 20 to 510p in a thin market, while improvements of 10 were recorded in Gillett Bros., 238p, Seccombe Marshall and Campion, 230p and Union, 440p. Standard Chartered closed 3 dearer at 413p following the interim results.

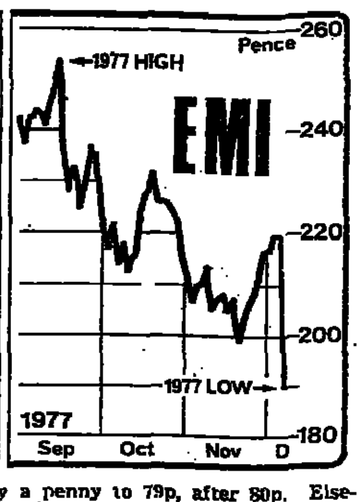
Interest in Composite insurances centred mainly on Commercial Union New nil-paid shares which touched 7p premium before closing a fraction harder at 6½p premium; the old ended 2 up at 137p. C. T. Bowring attracted support among Brokers and finished 4 better at 114p, after 117p.

Guinness were again noteworthy for a fresh gain of 3 to 198p on continued support ahead of the preliminary results, due shortly. Secondary Breweries enjoyed a fair measure of demand with Burtonwood particularly good at 148p, up 11, while gains of 4 were recorded in Boddingtons, 130p, and M. Brown, 106p. Elsewhere, a report that the export price of Scotch whisky could be increased in the New Year helped sentiment in the Distillery sector where Distillers gained 3 to 178p.

Selective firm features once again appeared among Buildings. International Timber put on 3 to 116p ahead of to-morrow's interim results, while improvements of 5 and 7 respectively occurred in A. Monk, 72p, and Magnet and Southerns, 202p. Burnett and Hallamshire firmed 4 to 166p as did Fairclough Construction, to 61p, and M. P. Kent were similarly dearer at 41p. Helped by option business, John Laing "A" rose 5 to 142p. Brownlee, however, shed 2 to 57½p on disappointment with the first-half figures and Marley, half-yearly results due on December 15, declined 3 to 78p.

ICI moved between extremes of 369p and 363p before closing a penny down on balance at 365p. Elsewhere in Chemicals, Carless Capel and Leonard registered acute disappointment with the first-half profits and lost 7 to 37p. Coalite and Chemical, on the other hand, improved 3 to 65p in anticipation of to-day's interim results.





EMI/GEC contrast

Sentiment in Electricals, and in the equity market generally, was pulled both ways by the statements from EMI and GEC. EMI caused the market to turn down when the chairman, Sir John Read, reported to shareholders at the AGM that the current year's trading would produce profits well below those for the previous year: a few pence firmer at 223p in front of the statement, EMI dropped to 190p, then steadied at around 194p before falling afresh on some sizeable selling to close 33 down at a 1977 low of 187p. GEC helped to stem the fall when the company produced interim profits above estimates; business here, however, was disappointing although the shares ended 7 higher at 253p. Vague bid rumours accompanied a rise of 10 to 250p in United Scientific, while Electronic Rentals ended 4 higher at 112p, after 118p, on the excellent first-half profits and nearly doubled dividend, the latter being allowed by the Treasury following Philips Industries' bid of 100p cash per share.

A nervous market on Monday following a Press suggestion that the group may reveal substantial losses to-day, Burton A picked up a penny to 79p, after 80p. Elsewhere in Stores, Gussies A softened 2 to 312p awaiting to-morrow's interim announcement and Marks and Spencer shed 3 to 158p. Moss Bros., on the other hand, rose 5 to 77p in response to the higher third-quarter earnings. In Shoes, Wearra, a firm market of late on an investment recommendation, declined 5½ to 30p as profit-taking set in after the preliminary results.

Apart from Hawker Siddeley, which closed a few pence dearer at 186p, the Engineering leaders ended on a dull note. Elsewhere, Matthew Hall responded afresh to the nine-months' figures with a rise of 9 more to 186p, while the increased dividend and profits promoted a gain of 7 to 66p in Triefus. Graham Wood closed unaltered at 57p, after 55p, following news of the bid worth 60p cash per share from British Steel. Hopkinsons were favoured at 81p, while Aurora Holdings, 57p, and Desoutter, 124p, improved 5 apiece, while Wheway hardened 2 to 94p in front of to-day's preliminary results.

The Food sector was featured by late nervousness in J. Lyons, 7 lower at 98p, ahead of to-morrow's interim statement. J. Bibby came back 4 to 197p after the previous day's bout of speculative activity, but Geo. Bassett, 3 up at 144p, reflected satisfaction with the half-yearly results. The lower annual profits had little impact on RHM, which closed unaltered at 46p, after 45p.

Miscellaneous Industrial leaders closed narrowly mixed. Beecham ended a penny up at 641p, after 645p, but Turner and Newall eased 4 to 208p. Pilkington hardened 3 to 483p in front of to-day's interim results. Among secondary issues, Kleen-E-Ze rose 9 to 71p on the mid-way profits rise, while further consideration of Monday's first-half figures left Vinten 3 up at 74p. Elson and Robbins responded to annual results with a gain of 3 at 75p, after 76p, and similarly, Flexello Castor improved 3 to 33p but Kelsey Industries lost 4 to 119p after its preliminary figures. Slight disappointment with the full-year revenue took Redfearn National Glass down to 257p before speculative demand on the old bid position reduced the fall to a net 3, at 262p. Bid hopes accounted for a gain of 10 to 163p in Norton and Wright.

The Motor sections encountered selective buying. Continued speculative demand left Fodens 3 up at 61p and, in Garages and Distributors, Appleyard Group stood out with a gain of 6 to 76p.

Chapman and Co. (Balham) were a late casualty in Paper/Printings, being marked down 3 to 70p on disappointment with the first-half profits. Elsewhere, Bemrose Bros. encountered profit-taking following the chairman's reported denial of any bid approaches and reacted 6 to 64p. Bristol Evening Post, however, put on 4 to 107p in response to higher interim profits, while News International finished 7 to the good at 255p.

BP down late

Business remained fairly light in Oils. British Petroleum issues, however, which had been steady for much of the day, encountered late offerings from America and this left the fully-paid 16 down at 874p, after 870p, and the old Ordinary 12 off at 860p, after 856p. In sympathy, Shell gave up an early rise of 3 to close a net 2 lower at 543p. Little of interest occurred elsewhere, apart from U.S. demand in a thin market for the Australian-based South Pacific Petroleum, up 13 at 50p.

Properties encountered spasmodic buying which brought a further crop of minor gains, although closing prices were often a penny or so below the best. Simultaneous buying orders from several quarters raised Scottish Metropolitan to 110p before a close of a net 5 higher at 108p. Demand in a thin market caused an upward adjustment of 12 to 145p in McKay Securities, while other firm spots included County and District, 5 higher at 80p, and Raglemere Estates, 4 to the good at 237p.

In idle Shippings, Lofs. receded 1 more to 36p for a two-day decline of 6 on consideration of the poor interim results.

Scattered gains in Textiles included Tomkinsons Holdings which hardened a penny more to 49p on the increased dividend and profits, but cautious comment on the half-yearly statement prompted a reaction of 3 to 111p in Dawson International.

Golds erratic

South African Golds mirrored the erratic movements in the bullion price, which was finally 25 cents higher at $159.875 per ounce after being $161.25 at the morning fixing in front of to-day's International Monetary Fund auction.

Shares were marked up at the outset of trading but with very little business developed at the higher price levels. The subsequent lower afternoon gold fixing together with small selling from the U.S. and Cape caused jobbers to pare earlier gains.

Nevertheless, prices remained higher on balance and produced a 3.0 improvement in the Gold Mines index to 145.4.

Randfontein were a continuing feature in heavyweights with a further ¼ rise to £30⅜ still reflecting last week's sharply increased final dividend, while Free State Geduld were also outstanding with a ¼ gain at £12⅛.

Lower-priced issues showed improvements of between 6 and 8 common to Blyvoor, 340p, Elandsrand, 178p and Kinross, 291p, while Marievale put on 3½ more to a 1977 high of 121p.

South African Financials also moved ahead but they, too, closed below the day's best levels and Anglo American closed at 285p, after 287p, for a net gain of 3.

Home-based issues behaved similarly with Gold Fields finally 2 firmer at 163p, after 167p. Rio Tinto-Zinc, however, drifted following scattered selling which left the shares 2 cheaper at 187p.

A good turnover was reported in Platinums which closed barely changed on the day as local selling was met by a persistent Cape demand following the Rustenburg chairman's annual review.

FT-ACTUARIES

From to-day the FT-Actuaries display will include a separate index for Other Groups.

The index has been calculated from December 31, 1974, with a base value of 63.75—the value of the parent Industrial Group index on the same date.

The index combines the Chemicals, Office Equipment, Shipping and Miscellaneous sub-sections under the Other Groups heading. It is of interest to portfolio analysis in that it facilitates the hiving-off of these subsections, comprising 98 companies, from the other main headings which cover the rest of the companies making up the 496-share Industrial Group index.

FINANCIAL TIMES STOCK INDICES

—	Dec. 6	Dec. 5	Dec. 3	Dec. 1	Nov. 30	Nov. 29	A year ago
Government Secs.	74.71	74.30	74.11	73.99	73.99	73.74	[illegible]
Fixed Interest	77.77	77.14	77.03	77.09	77.12	77.20	[illegible]
Industrial Ordinary	482.0	486.3	486.7	479.8	481.0	474.1	[illegible]
Gold Mines	145.4	142.4	141.3	146.6	146.2	145.8	[illegible]
Ord. Div. Yield	5.58	5.52	5.51	5.57	5.55	5.61	[illegible]
Earnings Y'ld %(full)(*)	16.81	16.65	16.62	16.78	16.72	16.91	[illegible]
P/E Ratio (net) (*)	8.45	8.53	8.54	8.46	8.49	8.40	[illegible]
Dealings marked	4,135	4,101	3,640	4,659	4,155	4,182	[illegible]
Equity turnover £m.	—	62.56	62.30	68.45	84.29	66.58	[illegible]
Equity bargains total	—	10,927	12,448	12,757	13,553	12,894	[illegible]

10 a.m. 488.9. 11 a.m. 489.8. Noon 489.8. 1 p.m. 484.3.
2 p.m. 484.3. 3 p.m. 483.9.
Latest Index 01-246 8026.

*Based on 52 per cent. corporation tax. †Nil=8.38.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	80.50 (1/10)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVITY

—	Dec. 6	Dec. 5
—Daily		
Gilt-Edged	130.1	118.4
Industries	155.9	132.2
Speculative	28.7	32.4
Totals	94.1	93.3
5-day Av'rage		
Gilt-Edged	132.6	135.4
Industrials	138.1	138.9
Speculative	28.3	33.2
Totals	95.2	96.4

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov. 22	Dec. 5	Feb. 23	Mar. 7
Dec. 6	Dec. 19	Mar. 9	Mar. 21
Dec. 20	Jan. 10	Mar. 30	Apr. 11

For rate indications see end of Share Information Service

Money was given for the call of J. B. Eastwood, NatWest Warrants, Swan Hunter, Premier Consolidated Oil, Vickers, J. Laing A, Orme Developments, New Throgmorton Capital, P. and O. Deferred, Commercial Union, Plessey, Tesco, Dawson International, Coalite and Chemical, British Land, Geo. Wimpey, Lucas, Polymark, Burmah Oil, Whessoe, Babcock and Wilcox, Capper Neill and RTZ. Tesco and Staflex were dealt in for the put, while double options were arranged in British Land, Racal Electronics, Boyer and J. Laing 'A'. Short-dated calls were transacted in British Petroleum, Yule Catto and GKN.

RISES AND FALLS YESTERDAY

	Up	Down
British Funds	59	1
Corpns., Dom. and Foreign Bonds	10	8
Industrials	391	228
Financial and Prop.	286	47
Oils	7	7
Plantations	4	4
Mines	58	13
Recent Issues	16	6
Totals	731	300

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs or Lows for 1977.

NEW HIGHS (64)

FOREIGN BONDS (1)
German Yng. 5½pc.

AMERICANS (1)
Carborundum

CANADIANS (1)
Place Gas

BANKS (1)
Allied Irish

BEERS (6)
Allied Breweries, Guinness (A.), Bass Charrington, Tomatin, Burtonwood, Whitbread A.

BUILDINGS (3)
BCA, Kent (M. P.), Carr (John)

STORES (6)
Church, Liberty, Helene of London, Do. N-V Ord., Do. 12pc Cnv. Pf., NSS Newsagents

ELECTRICALS (2)
Elec. Rentals, United Scientific

ENGINEERING (2)
Martonair, Wood (S. W.)

FOODS (1)
Lockwoods

INDUSTRIALS (11)
Chamberlain Phipps, Norton & Wright, Coral Leisure, Scottcroc, Empress Services, Sketchley, Flexello (C. & W.), Toye, Kleen-E-Ze, "W" Ribbons, Long & Hambly

MOTORS (3)
Flight Refuelling, Gates (F. G.), Cowie (T.)

NEWSPAPERS (3)
Assoc. Book Pubs., News Internat., Bristol Post

PROPERTY (8)
Allnatt London, Regional Prop A, County & District, Scot. Metropolitan, Evans of Leeds, Town Centre, McKay Secs., Warnford Inv.

SHOES (2)
Allebone, Oliver (G.) A

TEXTILES (4)
Atkins Bros., Leeds Dyers, Brigray, Tomkinsons

TRUSTS (4)
Estate Duties, N. Atlantic Sec., Glendevon B, Scot. Cities A

OVERSEAS TRADERS (2)
Nigerian Elec., Steel Bros.

RUBBERS (2)
London Sumatra, Muar River

MINES (1)
Marievale

NEW LOWS (6)

CANADIANS (2)
Inco, Massey Ferguson

ELECTRICALS (2)
EMI, EMI 5½pc Cnv.

INDUSTRIALS (2)
Le Bas (Edward), Ovenstone

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
845	F.P.	15/12	945	870	BP (fully paid)	874	−16	[illegible]	[illegible]	3.8	14.5
—	F.P.	—	185	170	BSG (10.50)	180	[illegible]	[illegible]	[illegible]	4.4	—
104	F.P.	—	113	109	Farmer (S.W.)	109½	[illegible]	[illegible]	[illegible]	7.0	6.2
143	F.P.	25/11	65	57	Holden (A.)	61	[illegible]	[illegible]	[illegible]	7.9	5.3
5d	26p	27/1	28½	22½	L.M.I. 25p pd.	28	[illegible]	[illegible]	[illegible]	9.2	5.8
50	F.P.	16/11	74	62	South Crofty 10p	72	−1	[illegible]	[illegible]	8.7	11.5

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Agric. Mort. Var. Rate 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bath (City of) 11½% Red. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brit. Land 12½ 1st Deb. 1997	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol 11½ Red. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. Variable Rate 1982	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Buckingham Var. Rate 1982	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cardiff City Council 11¾ Red. 1986	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Central & Sherwood 10% Cns. Ln. 1981	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Grampian Reg. Council 10½ 1986	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hounslow Var. Rate Red. 1982	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ind. & Comm. Fin. 11¾ Uns. Ln. 1992	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 11½ Ln. 1992	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 11½ Ln. 1992	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Leeds (City of) Float Rate 1982	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Low & Bonar Lng. Cnv. Uns. Ln. 1992	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Norsk Hydro 7¾% Notes 1982	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paterson Zochonis 10% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	St. Helens (Met. Borough of) 11½% Red. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sutton 11½% Red. 1986-88	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Southwark 11¼% Red. 1987	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Warwickshire Var. Rate 1982	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	York Trailer 10% Pref.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −
280	F.P.	[illegible]	[illegible]	[illegible]	Allied Irish Banks	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bank of Ireland	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Barratt Development	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol-Myers	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Commercial Union	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cons. Gold Fields	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Coral Leisure	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	De La Rue	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Deutsche Bank	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	East Midland Allied Press A	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Newman Inds.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pawson W. L.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Overseas Traders	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Utd. Biscuit	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Utd. Scientific	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1978. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ‡ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. ‡‡ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
EMI	50p	25	187	−33	254	187
Com. Union 'New'	Nil/pd.	13	6½pm	+½	7pm	2pm
BP	£1	11	860	−12	966	776
Tilling (T.)	20p	10	115	+6½	122	64½
BATs Defd.	25p	9	230	+3	260	202
Royal Insurance	25p	8	390	—	490	280
Allied Breweries	25p	7	96	+2	96	57½
GEC	25p	7	253	+7	284	163
ICI	£1	7	365	−1	446	325
P & O Defd.	£1	7	116	—	175	111
Racal Electronics	25p	7	214	−1	270	178
Shell Transport	25p	7	543	−2	635	454
Fisons	£1	6	350	—	397	280
Glaxo	50p	6	591	−3	657	401
GKN	£1	6	274	−3	389	280

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tue., Dec. 6, 1977 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Mon. Dec. 5 Index No.	Fri. Dec. 2 Index No.	Thurs. Dec. 1 Index No.	Wed. Nov. 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (173)	202.73	+0.7	17.24	5.69	8.21	201.37	200.90	198.85	198.31	[illegible]
2	Building Materials (28)	186.11	+0.1	16.43	5.82	8.67	186.01	185.14	183.78	183.28	[illegible]
3	Contracting, Construction (26)	325.07	+0.6	17.81	3.89	8.17	322.98	321.42	317.79	312.71	[illegible]
4	Electricals (15)	433.23	+1.7	14.42	3.91	10.05	425.81	425.11	418.63	423.18	[illegible]
5	Engineering (Heavy) (9)	287.74	+0.7	20.31	6.30	6.61	285.66	284.75	283.18	281.84	[illegible]
6	Engineering (General) (67)	159.92	+0.2	18.84	6.95	7.48	159.62	159.60	157.88	156.55	[illegible]
7	Machine and Other Tools (8)	110.26	+0.2	21.51	5.87	6.77	110.03	110.41	110.07	110.35	[illegible]
8	Miscellaneous (20)	156.23	+0.8	18.90	7.86	7.04	155.01	154.21	154.06	153.27	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (53)	193.69	+0.3	16.69	4.55	8.74	193.07	192.76	190.57	191.08	[illegible]
12	Lt. Electronics, Radio TV (15)	233.33	+0.3	14.85	3.30	9.72	232.52	232.36	228.77	229.44	[illegible]
13	Household Goods (12)	180.26	+0.2	17.29	6.71	7.91	179.87	179.36	178.95	178.27	[illegible]
14	Motors and Distributors (26)	117.27	+0.3	19.54	6.05	7.68	116.91	116.58	115.76	116.09	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	199.86	—	15.16	5.50	9.56	199.88	199.37	196.63	196.26	[illegible]
22	Breweries (14)	235.76	+1.3	13.53	5.41	11.11	232.79	232.20	229.29	224.74	[illegible]
23	Wines and Spirits (6)	244.70	+1.4	14.44	5.17	10.64	241.39	242.51	239.11	240.54	[illegible]
24	Entertainment, Catering (17)	249.00	−2.3	14.46	6.91	10.55	254.78	254.49	251.62	251.53	[illegible]
25	Food Manufacturing (22)	196.51	+0.2	20.41	5.37	7.05	196.17	195.57	192.20	192.60	[illegible]
26	Food Retailing (16)	204.53	+0.4	12.99	4.37	11.20	203.75	204.67	203.30	202.86	[illegible]
32	Newspapers, Publishing (14)	329.85	+0.4	9.84	3.72	15.27	328.54	328.02	326.34	326.43	[illegible]
33	Packaging and Paper (13)	125.56	−0.4	21.13	7.44	6.88	126.05	125.59	123.53	124.18	[illegible]
34	Stores (37)	191.81	−0.8	10.00	4.10	15.79	193.28	191.88	188.98	188.45	[illegible]
35	Textiles (24)	169.03	+0.2	20.41	7.86	6.20	168.71	168.20	165.65	166.59	[illegible]
36	Tobaccos (3)	220.53	+0.9	21.91	8.17	6.09	218.53	219.18	216.10	216.39	[illegible]
37	Toys and Games (6)	101.46	+0.7	19.86	5.86	6.92	100.72	100.23	100.23	100.32	[illegible]
41	OTHER GROUPS (98)	190.79	+0.2	16.29	5.89	8.43	190.47	190.44	188.46	188.34	[illegible]
42	Chemicals (27)	260.25	−0.2	15.58	5.40	8.88	260.72	260.54	257.66	257.92	[illegible]
44	Office Equipment (6)	121.22	−0.2	18.82	4.73	7.09	121.43	122.65	120.78	121.04	[illegible]
45	Shipping (10)	462.01	+0.6	21.31	6.34	5.56	459.27	462.54	456.97	457.07	[illegible]
46	Miscellaneous (55)	198.77	+0.7	15.92	6.81	9.00	197.36	196.82	195.22	194.44	[illegible]
49	INDUSTRIAL GROUP (496)	204.69	+0.2	16.06	5.58	8.85	204.23	203.86	201.44	201.15	[illegible]
51	Oils (4)	484.99	−0.9	14.35	4.04	8.47	489.34	492.56	502.14	512.19	[illegible]
59	500 SHARE INDEX	227.86	—	15.79	5.34	8.79	227.75	227.63	226.06	226.51	[illegible]
61	FINANCIAL GROUP (100)	166.93	+0.4	—	5.23	—	166.22	164.91	163.34	162.07	[illegible]
62	Banks (6)	193.82	−0.4	25.11	5.26	6.08	194.57	195.10	193.35	189.49	[illegible]
63	Discount Houses (10)	205.10	+1.5	—	8.05	—	202.11	201.51	201.77	198.68	[illegible]
64	Hire Purchase (5)	161.41	−0.3	10.58	4.67	14.06	161.84	162.96	161.71	160.99	[illegible]
65	Insurance (Life) (10)	138.01	+1.6	—	6.00	—	135.79	135.18	133.63	132.78	[illegible]
66	Insurance (Composite) (7)	130.72	+0.4	—	6.16	—	130.18	128.84	126.86	128.00	[illegible]
67	Insurance Brokers (10)	336.91	+0.9	12.61	4.04	11.62	333.88	329.00	328.23	322.89	[illegible]
68	Merchant Banks (14)	83.66	+0.7	—	5.60	—	83.06	82.84	81.49	79.93	[illegible]
69	Property (31)	226.78	+0.6	2.95	3.00	65.09	225.34	223.15	219.32	218.23	[illegible]
70	Miscellaneous (7)	107.35	+0.6	20.50	7.13	6.77	106.68	104.86	104.81	102.92	[illegible]
71	Investment Trusts (50)	201.83	+0.2	2.97	4.38	33.72	201.38	199.85	199.22	196.93	[illegible]
81	Mining Finance (4)	88.36	−0.2	17.65	6.63	6.59	88.53	89.26	90.09	89.18	[illegible]
91	Overseas Traders (19)	279.38	+0.8	16.06	6.75	8.21	277.18	275.05	273.48	271.35	[illegible]
99	ALL-SHARE INDEX (673)	210.75	+0.1	—	5.32	—	210.48	210.04	208.59	208.45	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tue. Dec. 6	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	108.49	+0.17	—	8.25
2	5-15 years	121.77	+0.58	—	8.82
3	Over 15 years	128.93	+0.74	—	11.73
4	Irredeemables	138.56	+0.39	—	13.54
5	All stocks	118.86	+0.48	—	9.74

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Tue. Dec. 6	Mon. Dec. 5	Year ago (approx.)
1	Low	5 years	7.36	[illegible]	[illegible]
2	Coupons	15 years	9.62	[illegible]	[illegible]
3		25 years	10.55	[illegible]	[illegible]
4	Medium	5 years	9.88	[illegible]	[illegible]
5	Coupons	15 years	10.73	[illegible]	[illegible]
6		25 years	11.60	[illegible]	[illegible]
7	High	5 years	10.15	[illegible]	[illegible]
8	Coupons	15 years	11.77	[illegible]	[illegible]
9		25 years	11.77	[illegible]	[illegible]
10	Irredeemables		11.77	[illegible]	[illegible]

		Tuesday, Dec. 6 Index No.	Yield %	Monday Dec. 5	Friday Dec. 2	Thurs. Dec. 1	Wed. Nov. 30	Tuesday Nov. 29	Monday Nov. 28	Friday Nov. 25
15	20-yr. Red. Deb. & Loans (15)	61.47	12.07	61.36	61.90	61.21	61.90	61.93	61.61	[illegible]
16	Investment Trust Prefs. (15)	55.65	12.80	55.66	56.02	56.21	56.84	56.84	56.94	57.14
17	Coml. and Indl. Prefs. (20)	77.07	11.84	76.95	76.95	72.06	76.91	77.19	77.22	77.39

† Redemption yield. * Corrected. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel §	7 %
Allied Irish Banks Ltd.	7½%	C. Hoare & Co. †	7 %
American Express Bk.	7 %	Julian S. Hodge	8½%
Amro Bank	7½%	Hongkong & Shanghai	7 %
A P Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
Henry Ansbacher	7½%	Keyser Ullman	7 %
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	7½%	Lloyds Bank	7 %
Bank of Cyprus	7½%	London & European	8½%
Bank of N.S.W.	7½%	London Mercantile	7 %
Banque Belge Ltd.	7½%	Midland Bank	6¾%
Banque du Rhone	8 %	■ Samuel Montagu	6¾%
Barclays Bank	7½%	■ Morgan Grenfell	7 %
Barnett Christie Ltd.	7 %	National Westminster	7½%
Bremar Holdings Ltd.	8½%	Norwich General Trust	7 %
Brit. Bank of Mid East	7 %	P. S. Refson & Co.	7 %
Brown Shipley	7 %	Rossminster Accept'cs	7½%
Canada Permanent AFI	7½%	Royal Bk. Canada Trust	7½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7½%
Cayzer Ltd.	7½%	E. S. Schwab	9 %
Cedar Holdings	7 %	Security Trust Co. Ltd.	8½%
Charterhouse Japhet	7 %	Shenley Trust	8 %
C. E. Coates	8½%	Standard Chartered	7½%
Consolidated Credits	7½%	Trade Dev. Bank	7½%
Co-operative Bank *	7 %	Trustee Savings Bank	7 %
Corinthian Securities	7½%	Twentieth Century Bk.	8½%
Credit Lyonnais	7 %	United Bank of Kuwait	7 %
Duncan Lawrie ¶	7½%	Whiteaway Laidlaw	7¾%
Eagil Trust	7½%	Williams & Glyn's	7½%
English Transcont.	8 %	Yorkshire Bank	7½%
First London Secs.	7½%		
First Nat. Fin. Corpn.	8 %		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	7 %		
Goode Durrant Trust	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank ‡	7½%		
Guinness Mahon	7 %		
Hambros Bank	7 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 4½%.
¶ Rate also applies to Sterling Ind. Secs.

CLIVE INVESTMENTS LIMITED

Royal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101
Index Guide as at 6th December, 1977 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	130.55
Clive Fixed Interest Income	123.05

CORAL INDEX: Close 460-485

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	2 %

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977 High	Low	Stock	Price £	+ or −	Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
101 13/16	95⅝	Treasury 9pc 1978‡‡	100 3/16	......	8.94	6.41
104 1/16	97⅞	Treasury 10½pc '78‡‡	102⅜	......	10.26	6.36
100⅛	90 13/16	Exch. 5pc '76-78‡‡	98¾	......	5.06	6.60
107	95 5/16	Treasury 11½pc '79‡‡	103 5/16	+⅛	11.10	8.44
97¾	84 15/16	Treasury 3pc '79‡‡	94¾	......	3.17	6.15
98¾	85⅛	Electric 4¼pc '74-79	95½	......	4.45	6.94
106 13/16	92	Treasury 10½pc '79‡‡	102 11/16	+⅛	10.23	8.91
97⅝	84⅞	Electric 3½pc '76-79	94¾	......	3.69	6.42
107	87¾	Treasury 9pc 1980‡‡	100½	+⅛	8.96	8.74
105¾	88¾	Treasury 9½pc '80‡‡	101	+¼	9.41	9.04
96	82⅞	Treasury 3½pc '77-80	93⅜xd	......	3.75	6.39
95¼	83 5/16	Funding 5¼pc '78-80‡‡	94⅝xd	......	5.55	7.64
112 5/16	96 13/16	Exchequer 13pc 1980‡‡	109	+3/16	11.93	9.44
108 5/16	92½	Treasury 11½pc 1981‡‡	104⅝	+3/16	10.99	9.70
94¼	77⅞	Treasury 3½pc 1979-81	89⅝	......	3.91	7.18
104	86 5/16	Treasury 9¾pc 1981‡‡	100½	+3/16	9.70	9.56
103½	97½	Exch. 9½pc 1981	99⅜	+¼	9.56	9.69
92⅛	87¾	Exch. 3pc 1981	87¾	−¼	3.42	6.80
98¾	97⅜	Treas. Variable '81‡‡	97⅜	......	7.18	7.77
113 13/16	96¼	Exch. 12¾pc 1981‡‡	109½	+3/16	11.64	9.80
100⅝	82⅞	Treas. 8½pc '80-82‡‡	96 5/16	+3/16	8.83	9.58
93⅛	71⅝	Treasury 3pc '82‡‡	86¼	+⅛	3.48	6.82
119 5/16	101⅝	Treasury 14pc '82‡‡	114⅛	+⅜	12.27	9.87
98½	97¼	Treas. Variable '82‡‡	97¼xd	......	7.19	7.73
98⅝	93⅝	Treas. 8¼pc '82●	94¼xd	+1/16	8.71	9.72
102⅛	93⅝	Exch. 9¼pc 1982	98½	+3/16	9.39	9.64
Five to Fifteen Years						
87⅝	81¼	Exch. 3pc '83	82⅝	+⅛	3.67	7.26
113⅛	95½	Treasury 12pc 1983‡‡	110⅞	+⅛	11.09	9.96
101⅛	96¾	Treasury 8¼pc '85	98¾	+⅜	9.52	9.94
95½	72⅝	Funding 5½pc '82-84‡‡	90⅛	+⅜	6.25	8.03
100¾	77⅞	Treasury 8¾pc '84-86‡‡	93½xd	+½	9.02	9.50
87⅞	66¼	Funding 6½pc '85-87‡‡	84⅛	+½	7.79	9.16
94	68½	Treasury 7¾pc '85-88‡‡	89⅝	+½	8.93	9.83
74 7/16	49⅝	Transport 3pc '78-88	63⅞xd	+½	4.68	8.13
76¼	53⅞	Treasury 5pc '86-89	70⅝	+½	7.15	9.23
121¼	90	Treasury 13pc 1990‡‡	115	+¾	11.84	11.46
94¾	67⅛	Treasury 8¼pc '87-90‡‡	85½xd	+⅜	9.67	10.38
112	88¾	Treasury 11¾pc 1991	100¾xd	+¾	11.58	11.54
76½	53⅜	Funding 5¾pc '87-91‡‡	70½	+½	8.27	9.92
119	86¼	Treasury 12¾pc '92‡‡	111¼	+¾	11.92	11.71
95½	89¾	Treasury 10pc 1992●	90⅛	+⅛	11.16	11.51
112½	89½	Exch. 12¼pc '92	106¾	+¾	11.86	11.76
Over Fifteen Years						
116¼	84½	Treasury 13½pc '93‡‡	110⅛	+¾	11.89	11.77
73 13/16	51⅝	Funding 6pc 1993‡‡	67⅝	+½	9.86	10.39
126½	96	Treasury 13¾pc 1993‡‡	113¾	+¾	12.14	11.88
129¼	99	Treasury 14½pc '94‡‡	122⅛	+¾	12.26	11.93
113¼	94⅝	Exch. 12½pc 1994	107⅝	+¾	11.95	11.85
96	66¼	Treasury 9pc '94‡‡	85⅛	+½	10.63	11.02
110¾	97⅞	Treasury 12pc '95	103½	+¾	11.84	11.81
50½	32⅞	Gas 3pc '90/95	47⅞	+⅜	6.31	9.03
120 7/16	87	Treasury 12¾pc '95‡‡	107¾	+¾	11.92	11.80
92½	66¼	Treasury 9pc '92-96‡‡	85¼	+⅝	10.82	11.17
133¾	101⅛	Treasury 15¼pc '96‡‡	125⅜	+¾	12.30	12.00
124	89¾	Exchequer 13¼pc '96‡‡	111½	+¾	11.97	11.81
49¾	31¾	Redemption 3pc 1986-96	46¾	+⅜	6.49	8.97
122½	87⅛	Treasury 13¾pc '97‡‡	115⅜	+¾	12.01	11.85
97¼	90⅝	Exchequer 10½pc 1997	92½	+¾	11.43	11.56
89⅝	64⅞	Treasury 8¾pc 1997‡‡	83⅜	+¾	10.80	11.11
72¾	50¾	Treasury 6¾pc '95-98‡‡	67¼	+¾	10.14	10.85
136½	103⅝	Treas. 15½pc '98‡‡	129½	+¾	12.24	11.98
97	65⅞	Treasury 9½pc 1999‡‡	89¾	+¾	11.05	11.24
44⅜	27⅝	Funding 3½pc '99-04	41	+⅜	8.84	10.05
82¼	57½	Treasury 8pc '02-06‡‡	75⅜	+¾	10.81	10.99
59	40½	Treasury 5½pc '08-12‡‡	53¾	+¾	10.49	10.75
80¾	53¼	Treasury 7¾pc '12-15‡‡	74⅛	+¾	10.87	10.95
Undated						
38⅞	26⅝	Consols 4pc	36	+⅛	11.56	—
38½	25⅝	War Loan 3½pc‡‡	34⅜	+⅛	10.20	—
39¼	26¾	Conv. 3½pc '61 Aft.	36⅜	+⅛	9.80	—
28¼	20½	Treasury 3pc '66 Aft.	26	+⅛	11.77	—
24	17¼	Consols 2½pc	21⅞xd	+⅛	11.33	—
23½	17⅛	Treasury 2½pc	21⅞	+⅛	11.67	—

**INTERNATIONAL BANK

88¼	75½	5pc Stock '77-82	86½	......	5.78	8.54

**CORPORATION LOANS

100	82	Birm'ham 9¾pc '79-81	96½	......	9.68	10.39
93½	81½	Bristol 7¾pc '79-81	91½	......	8.47	10.45
107	93	G.L.C. 12½pc '82	104½xd	......	11.97	11.19
109¼	95¾	Do. 12½pc 1983	108	+¾	12.02	11.51
102½	85½	Glasgow 9¼ '80-82	95xd	......	9.72	10.54
94	76¼	Herts. 5½pc '78-80	91½xd	......	5.74	9.19
99	90½	Liverpool 5¾pc '76-78	97¾	+⅛	5.88	8.61
102½	79½	Do 9¾pc '80-84	99¾xd	+¼	9.82	9.92
29¼	22¼	Do. 3½pc Irred.	28¼xd	......	12.46	—
100	89	Lon. Corp. 6½pc '75-78	98¼	......	6.62	9.20
99½	75	Do. 9¼pc '84-85	96	......	9.83	10.36
96½	85½	L.C.C. 6pc '76-79	94	......	6.38	9.85
91¼	70½	Do 5½pc '77-81	89½	......	6.16	8.80
85½	60½	Do 5½pc '82-84	81	+½	6.97	9.94
79	52½	Do. 5½pc '85-87	72xd	+½	7.63	10.14
79	51¾	Do 6¾pc '88-90	73½	......	9.54	11.11
27¼	20	Do 3pc '20 Aft.	24xd	......	12.72	—
93½	76¾	Middx. 5¼pc 1980	91½	......	5.74	9.47
100	84¾	Newcastle 9¼pc '78-80	97⅞	......	9.47	10.19
107¼	90¾	Warwick 12½% 1980	105xd	......	11.91	10.45

COMMONWEALTH & AFRICAN LOANS

99¼	88¾	**Aust. 5½pc '75-78	98¼	......	5.66	9.00
96	79⅝	**Do. 5½pc '77-80	92¼xd	......	5.94	9.49
87½	69¾	**Do. 5½pc '81-82	85⅜	......	6.49	9.92
98¼	86½	**N.Z. 4pc 1976-78	96xd	......	4.17	8.13
94¾	81½	**Do. 6pc '76-80	94	......	6.50	9.88
89	66	**Do 7½pc '83-86	84¾xd	......	8.83	10.19
92½	85	Sth. Africa 9½pc '79-81	89	......	10.78	13.50
65	31	Sth. Rhod. 2½pc '65-70	54	......	—	—
78	47	Do. 6pc '78-81	70	+1	—	—

LOANS

Public Board and Ind.

66	44	Agric. Mt. 5pc '59-89	60xd	......	8.28	11.20
95	68½	Alcan 10½pc '89-94	85xd	......	12.35	12.70
31	22	**Met. Wtr. 3pc 'B'	30½	+¼	10.09	11.73
116	101	U.S.M.C. 9pc 1982	112	......	8.06	6.10
96	77	Do. without Warrants	90	......	10.06	12.00
99	84	Ultramar 7pc '75-78	96½	......	7.25	10.80

Financial

107	94	**FFI 13pc '81	104½	......	12.44	11.28
111½	98	Do. 14pc '79	106½	......	13.45	11.70
116	100¼	Do. 14pc '83	107¼xd	......	12.99	12.14
103	89	ICFC 9pc Ln. '77	103	......	8.75	—
85¾	68	Do 5½pc Deb. '80-82	83	......	6.74	10.51
83½	67¼	Do. 6¾pc Db. '81-84	77¼	+¼	8.15	10.70
73	51½	Do. 7¼pc A Deb. '89-92	67xd	......	10.82	12.10
72½	52½	Do. 7¼pc A Db. '91-94	66½	......	11.18	12.28
80	57	Do 9pc 'A' '91-94	79½	......	11.64	12.20
85½	59½	Do 9¾pc Ln. '92-97	78½	......	12.08	12.60

FOREIGN BONDS & RAILS

1977 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
22¼	15	Antofagasta Rly	19½	......	—	—
37	32	Do 5pc Pref.	33xd	......	B—	—
98	95	Chilean Mixed	98	......	3	£3.10
355	198	German Yng. 4½pc	355	+5	4½	—
60	50	Greek 7pc Ass.	50	......	3½	£7.03
58	50	Do 6pc 28 Stab. Ass.	50	......	6	£6.12
44	38	Do 4pc Mixed Ass.	44	......	4	£4.63
42	32	Hung. '24 Ass.	42	......	4½	6.79
77	48	Iceland 6½pc '83-88	77	......	—	10.00
90½	69½	Ireland 7¾pc '81-83	86	......	—	11.73
87½	65	Do 9¾pc '91-96	85	+¼	—	12.13
284	228	Japan 4pc '10 Ass.	283xd	......	—	—
76	63	Do 6pc '83-88	74	......	6	10.30
163	150	Peru Ass. 3pc	160	......	3	1.88
75	75	S.G.I. 6½pc 1980	75	......	6½	8.67
$99	$94	Turin 9pc 1991	$99	......	9	9.09
DM85	DM71	Turin 6½pc 1984	DM85xd	......	6½	9.50
94	62	Uruguay 3½pc	94	......	3½	4.00

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1977 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
18⅝	13	ASA	15	−¼	80c	—	3.0
62¼	58	AMF 5% Conv. '87	60½	......	5%	—	f4.7
49⅞	25	Amax $1	27¾xd	−¼	$1.75	—	3.6
30⅝	25⅞	American Express	29¼	−½	$1.40	—	2.7
14	901p	Amer. Medic. Int.	13xd	−⅛	24c	—	1.0
11⅛	10½	Asarco Inc.	10½	−⅛	50c	—	2.7
45	32⅛	Baker Intnl. Corp. $1	36½xd	+⅛	64c	—	1.0
16⅛	12⅝	Barnes Grp. $6½	13⅝xd	......	90c	—	3.7
18⅝	11⅞	Bell & Howell $	12½#	......	84c	—	3.8
38⅞	26	Bendix Corp. $5	27⅝xd	−⅛	$2.28	—	4.6
34⅞	13½	Beth. Steel $8	16xd	−⅛	$1.00	—	3.5
925p	620p	Brown'g Fer. c16⅔	764p	−3	40c	—	3.0
14⅛	827p	Brunswick Corpn.$	11½	−¼	60c	—	2.9
77⅞	47	Burroughs Corp. $5	52xd	−½	$1.00	—	1.1
51⅞	35⅛	CBS $2.50	38¾xd	−½	$2.00	—	2.9
44⅝	33⅞	C.P.C. $⅓	35⅞	−½	$2.50	—	3.9
48¾	23⅝	Carborundum $1.50	48¾xd	+1⅛	+$1.24	—	1.4
49⅝	36¼	Caterpillar$	40½xd	−⅛	$1.80	—	2.5
28⅝	20⅝	Chase M'htn.$12.5	22½	+¼	$2.20	—	5.5
22½	15	Chesebrough $1	16⅛	+⅛	84c	—	2.9
17¼	10⅝	Chrysler $6¼	10½xd	−⅛	$1.00	—	5.4
29¼	15½	Citicorp $4	17⅛xd	−⅛	$1.06	—	3.4
13¼	898p	City Inv. $1.25	10	−¼	$1.00	—	5.6
22⅝	17⅛	Do. Cm. Prf. B $1	19¼	+⅛	$2	—	5.8
23¼	15⅝	Colgate-P. $1	17⅛	−⅛	$1.00	—	3.3
49⅝	30¼	Colt Inds. $1	35⅛	+⅛	$2.75	—	2.9
25¼	18⅛	Cont. Illinois $10	19⅝	+⅛	$1.32	—	3.8
31⅞	20½	Cont. Oil $5	21½xd	−⅛	$1.40	—	3.6
38¼	23⅜	Crown Zell. $5	26	−⅛	$1.90	—	4.1
27	19½	Cutler-Hammer $5	26xd	−¼	$1.40	—	3.0
37½	25½	Eaton Crp. $0.50	28⅝xd	−1	$2.00	—	4.0
28¼	21⅝	Esmark	22⅝xd	−¼	$1.84	—	4.6
45¼	33¾	Exxon $	34⅛xd	−⅛	$3.00	—	4.9
20	11⅞	Firestone Tire $	12	......	$1.10	—	5.2
19½	12⅞	First Chicago $5	14¼	......	96c	—	3.6
35	24⅛	Fluor Corp. $⅝	28⅛	−⅛	$1.00	—	2.0
41½	30	Ford Motor $2	33⅝xd	−⅛	$3.20	—	5.4
28⅞	18⅞	GATX	20⅞xd	......	$1.80	—	4.9
47¼	35¼	Gen. Elect. $2½	37½	......	$1.60	—	2.4
25¼	18⅛	Gillette $1	18⅝	−⅛	$1.50	—	4.5
45⅞	31⅞	Honeywell $1.50	34½	−1⅛	$1.90	—	3.1
40½	10⅛	Hutton (E.F.) $1	10¾	......	68c	—	3.6
251	185	I.B.M. Corp. $5	198	−2	$10.04	—	2.9
66⅝	42½	Ingersoll-R $2	45⅛xd	+½	$2.80	—	3.5
23½	630p	Int. Systems & Con. $1	820p	−10	25c	—	1.7
17⅝	824p	I.U. International$	868p	−13	90c	—	5.8
33⅞	20¼	Kaiser Al. $⅓	21¼	......	$1.40	—	3.6

AMERICANS—Continued

[illegible]

S.E. List Premium 38¼% (based on $US1.8230 per £)

Conversion factor 0.7251 (0.7222)

CANADIANS

[illegible]

S.E. List Premium 38¼% (based on $2.0115 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977 High	1977 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
195	70	Falcon Rh 50c	155	−3	Q50c	ϕ	30.7
20	9	Rhod'n Corp 16½p	17	+½	0.57	4.3	5.1
165	55	Roan Cons. K4	55	.....	—	—	—
154	115	Tanganyika 50p	141	+3	Q11.0	1.1	7.8
80	70	Do Pref 80p	78	.....	Q9%	16.4	9.2
42	27	Wankie Col. Rh 1	34	−1	Q7½c	1.4	18.8
27½	12½	Zam Cpr SBD0.24	12½	.....	—	—	—

AUSTRALIAN

1977 High	1977 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
20	10	Acmex 25c	11	.....	—	—	—
127	57	Bougainville 50 Toea	68	−1	Q10c	1.5	9.4
128	78	BH South 50c	79	−1	—	—	—
325	119	Conzinc Riotinto 50c	194	+8	Q9c	2.3	2.9
65	16	G.M. Kalgoorlie $1	48	−2	—	—	—
112	77	Hampton Areas 5p	82	.....	1.45	4.1	2.7
35	10	Metals Ex. 50c	14	.....	—	—	—
242	136	M.I.M. Hldgs. 50c	148	−2	Q9c	1.7	3.9
105	10	Mount Lyell 25c	10	.....	—	—	—
2¾	1	Newmetal 10c	2	.....	—	—	—
120	83	North B. Hill 50c	91	−1	Q8c	1.5	5.4
12	4½	Nth. Kalgurli	10½	.....	—	—	—
143	87	Oakbridge $A1	135	.....	Q11c	1.9	5.1
55	20	Pacific Copper	36	.....	—	—	—
£13	575	Pancont 12½c	700	−25	—	—	—
19	8	Paringa M&Ex 5p	11	.....	—	—	—
555	345	Peko-Wallsend 50c	420	.....	Q15c	ϕ	2.2
—	—	Poseidon 20c	75#	.....	—	—	—
12	6	Vulcan Min. 50c	12	.....	—	—	—
164	99	Westn. Mining 50c	106	−4	Q6c	1.4	3.5
75	40	Whim Creek 20c	45	.....	—	—	—

TINS

1977 High	1977 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
39	18	Amal. Nigeria	30	.....	2.51	1.6	12.7
395	265	Ayer Hitam SM1	270	+5	Q41.7c	0.9	38.3
57	25	Beralt Tin	50	.....	3.75	2.3	11.4
240	155	Berjuntai SM1	240	.....	Q60c	ϕ	—
570	260	Geevor	515	.....	18.15	3.4	5.3
13	8	Gold & Base 12½p	10	.....	—	—	—
325	190	Gopeng Cons.	290	.....	13.2	1.9	6.9
135	72	Hongkong	135	.....	—	—	—
100	60	Idris 10p	95	.....	9.14	1.0	14.6
10½	7	Jantar 12½p	10	.....	—	ϕ	—
85	30	Kamunting SM0.50	76	.....	‡Q15.5c	1.2	5.1
490	260	Killinghall	490	.....	Q125	ϕ	11.4
410	217	Malay Dredging SM1	390	−5	Q95.5c	ϕ	6.1
27#	£	♠Pahang	27#	.....	†Q2.5	0.5	9.3
70	50	Pengkalen 10p	63	.....	5.58	1.3	13.4
215	133	Petaling SM1	215	.....	mQ12½c	10.9	1.4
90	35	Saint Piran	77	+1	1.84	4.6	3.6
210	77	South Kinta SM0.50	198	.....	tQ77.8c	1.4	9.8
305	149	Sthn Malayan SM1	298	.....	tQ151.3c	1.1	10.9
160	57	Sungei Besi SM1	148	−2	—	—	—
60	19	Supreme Corp. SM1	55	.....	ZQ10	—	4.5
98	42	Tanjong 15p	98	.....	Q6.6%	ϕ	10.1
95	45	Tongkah Hrbr. SM1	95	.....	mQ16.9c	0.3	4.4
203	93	Tronoh SM1	178	.....	ZQ30c	2.0	4.2

COPPER

1977 High	1977 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
198	102	Messina R0.50	105	+2	Q30c	ϕ	20.0

MISCELLANEOUS

1977 High	1977 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p	9	.....	—	—	—
112	58	Colby Mines SC1	112	.....	—	—	—
600	250	Cons. Murch. 10c	285	+15	‡Q140c	1.4	‡
475	275	Northgate C$1	305	+5	—	—	—
247	173	R.T.Z.	187	−2	t8.5	q3.1	6.9
70	28½	Sabina Inds. C$1	36½	.....	—	—	—
£14¼	875	Tara Exptn. $1	981	.....	—	—	—
55	39	Tehidy Minerals 10p	45	.....	1.21	2.5	4.1
160	121	Yukon Cons. C$1	137	.....	Q7c	ϕ	3.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ☐ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	23	.....
Ash Spinning	41	.....
Bertam	18	.....
Bdg'wtr. Est. 50p	255	.....
Clover Croft	23	.....
Craig & Rose £1	388	.....
Dyson (R. A.)	35xd	.....
Ellis & McHdy.	65	.....
Evans Fr'k 10p	28	+2
Evered	15½	.....
Fife Forge	38	.....
Finlay Pkg. 5p	17½	.....
Graig Ship. £1	260	.....
Higsons Brew	132	+2
I.O.M. Stm. £1	153	.....
Holt (Jos.) 25p	235	.....
Nthn. Goldsmith	38xd	.....
Pearce (C. H.)	111	.....
Peel Mills	17	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	45	.....
Shiloh Spinn.	20½	.....
Sindall (Wm.)	83	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£97⅞	+⅛
Alliance Gas	80	.....
Arnott	190	.....
Carroll (P.J.)	89	−1
Clondalkin	67	+2
Concrete Prods.	105	.....
Helton (Hldgs.)	40	.....
Ins. Corp.	138	.....
Irish Ropes	130	.....
Jacob	43	.....
Sunbeam	22½	.....
T.M.G.	134	+4
Unidare	67	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	12	Tube Invest.	30
A.P. Cement	18	I.C.I.	25	Unilever	40
B.S.R.	11	"Imps"	7	Utd. Drapery	7½
Babcock	10	I.C.L.	20	Vickers	15
Barclays Bank	25	Inveresk	7	Woolworths	6
Berry Wiggins	5	Ladbroke	17	**Property**	
Beecham	38	Legal & Gen.	14	Brit. Land	3¼
Boots Drug	15	Lex Service	6	Cap. Counties	5
Bowaters	16	Lloyds Bank	22	E.P.	5
B.A.T.	24	"Lofs"	5	Intreuropean	5
British Oxygen	6	London Brick	5	Land Secs.	18
Brown (J.)	20	Lonrho	7	MEPC	12½
Burton 'A'	9	Lucas Inds.	25	Peachey	10
Cadburys	5	Lyons (J.)	13	Samuel Props.	10
Courtaulds	10	"Mams"	7	Town & City	2
Debenhams	10	Mrks. & Spncr	13	**Oils**	
Distillers	13	Midland Bank	25	Brit. Petroleum	45
Dunlop	8½	Nat. West. Bank	22	Burmah Oil	7
Eagle Star	11	Do. Warrants	10	Shell	28
E.M.I.	18	P & O Dfd.	12	Ultramar	22
Gen. Accident	17	Plessey	9	**Mines**	
Gen. Electric	16	R.H.M.	5	Charter Cons.	12
Glaxo	40	Rank Org. 'A'	18	Charterhall Fin.	3½
Grand Met.	9	Reed Intl.	18	Cons. Gold	20
G.U.S. 'A'	18	Revrollo	20	Rio T. Zinc	16
Guardian	18	Spillers	4		
G.K.N.	22	Tesco	4		
Hawker Sidd.	60	Thorn 'A'	22		
		Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday December 7 1977

Labour MPs support Healey's pay stand

BY RICHARD EVANS, LOBBY EDITOR

STAUNCH DEFENCE of the Government's 10 per cent pay guidelines would lead to inflation falling throughout next year and the return of a Labour administration at the next General Election, a buoyant Mr. Denis Healey told Labour MPs yesterday.

The Chancellor of the Exchequer made maintenance of the Government's pay restrictions the key element in a Labour electoral victory when he addressed the Parliamentary Labour Party following growing disquiet among Left-wingers at the lack of pay flexibility.

Far from meeting the criticisms of the Left, Mr. Healey again hinted that the Government would wish to see control over pay agreements continued in some form when the current policy stage ends in the summer.

The Chancellor's confident assumption that electoral victory lay within the party's grasp—he even said that Labour could retain its grip on office for a further decade—drew warm applause from the great majority of MPs present.

All the moderate and centre backbenchers who spoke echoed the demand for the pay policy to be given full support so that the target of single-figure inflation by next spring would be reached.

Mr. Healey's theme at this meeting convened at the request of the Tribune Group was that the country's economic prospects could improve as much in the next 12 months as they had in the past 12—with all that meant electorally—provided all the party accepted the need for pay restraint.

Following this week's figures on raw-material costs, he argued that, unless some unforeseen international disaster led to a big increase in world prices, the level of pay settlements was now the key to the rate of inflation in the U.K.

'Flexible'

The clear inference was that the Government was more determined than ever to resist the firemen's pay claim and any other demands in the public sector that would break the 10 per cent barrier.

Mr. Healey rejected the argument that there was no flexibility in the present policy by pointing out that there had been "a great variety of combinations" between increases in basic rates and productivity increases. Large companies had used the kitty principle to negotiate a spread of increases as wide as seven to 14 per cent, for the same bargaining group.

But the Chancellor admitted that so far there had been no significant settlements which would produce an earnings increase below the 10 per cent guideline and there had been some settlements above that figure.

He challenged those demanding greater flexibility to tell him which unions would accept increase in earnings well below 10 per cent in order to make room for other settlements above.

The response of the TUC to the firemen's plea showed it would not be easy "to find volunteers for that sort of self-sacrifice."

On future pay determination, Mr. Healey welcomed signs that people were already beginning to discuss the stage after next July. He agreed with Mr. David Basnett, general secretary of the National Union of General and Municipal Workers, that it would be best if the initiative came from the trade unions.

"The Government has an inescapable responsibility for saying what increases in earnings it thinks the country can afford. The more the unions and employers can co-operate on deciding how to deal with differentials and incentives within that limit, the better . . . but the problems will not go away if we ignore them," he declared.

The Chancellor's critics were at the meeting in force and Mr. Ted Fletcher, chairman of the Tribune Group, claimed that the Government was heading the country towards a winter of discontent unless the present rigid pay controls in the public sector were relaxed.

Mr. Norman Atkinson, the Labour Party treasurer, scornfully dismissed claims that the Government had performed an economic miracle. In his view Labour could not win the next election on current policies, and the party was heading for a defeat from which it might never recover.

The Chancellor's rebuttal of Left-wing criticism gained the support of most MPs at the meeting. Mr. William Hamilton (Central Fife) pledged his backing and suggested that Mr. Atkinson should leave the Labour Party if he was so much at odds with Government policies.

India will order £52m. ships from Britain

BY K. K. SHARMA IN DELHI AND DAVID FREUD IN LONDON

INDIA IS to go ahead with a £52m. order from Britain for six cargo liners of 16,500 deadweight tonnes.

An announcement from the Indian Government is expected shortly before Mr. James Callaghan, Prime Minister, arrives in Delhi on January 6 for a five-day official visit.

The work is expected to go to Sunderland Shipbuilders, part of British Shipbuilders. It seems unlikely that the workforce will be asked for "good behaviour" assurances, as with the £115m. Polish order now causing so many problems for British shipbuilders.

The Indian decision to place the order with Britain is seen as a political gesture for the Shipping Corporation of India, purchaser of the ships is understood to have received offers from Japanese yards 20 to 25 per cent below the British price.

Britain's price is said, however, to include spares which are not part of the Japanese offer. In addition, the extent to which the British Shipbuilding Intervention Fund will be drawn on to support the British proposal has yet to be settled.

Negotiations are still going on between British Shipbuilders and the Shipping Corporation of India.

The liners will be financed from grants out of Britain's aid programme to India—the largest single recipient of British aid. New commitments in the current financial year amounted to £144m.

Though the orders have been under discussion for over a year, they were strongly pressed by Mrs. Judith Hart, Minister of Overseas Development, during the visit to London last month of Mr. Chand Ram, India's Shipping Minister.

Since then Mr. Ram has placed orders in Poland for six cargo ships.

The decision by the Indian Government to override questions of cost is intended both as a gesture of friendship to Britain on the eve of Mr. Callaghan's visit and an attempt to break the logjam in the disbursement of British aid. On April 1 about £140m. of committed funds remained unspent.

Mrs. Hart has warned the Indian Government that such a logjam could result in reduction of new commitments.

Though the Indian Government receives the foreign exchange equivalent of the cost of the ships as a grant, the Shipping Corporation of India has to pay the Indian Government the full price in rupees, so the corporation wanted to purchase from Japan. It will now be up to the Indian Government to find ways of providing a subsidy to the Shipping Corporation.

Mr. Jim Gilfillan, chairman of Sunderland Shipbuilders, said yesterday that the ships would provide a year's work for two of the company's three yards, employing 3,500 of the 4,500 workforce. Delivery dates ranged from 1979 to 1980.

Sunderland Shipbuilders has refused to take any of the Polish ships reallocated from Swan Hunter as a result of the outfitters' overtime ban there, because the expected Indian order would not permit it to meet the production schedules.

In Hong Kong, Mr. Michael Casey, chief executive of British Shipbuilders, said British yards would get orders for more than 0.5m. deadweight tonnes this year, an increase of nearly 20 per cent. on 1976. He has spent five days talking with Hong Kong shipowners.

An order for deck equipment worth up to £0.6m. on 15 of the ships ordered by Poland has gone to the Norwegian company Norwinch. The Wearside works of Sunderland Forge, part of Sunderland Shipbuilders, had hoped to win the order.

Japanese reticent on import measures

BY DAVID BUCHAN IN BRUSSELS AND CHARLES SMITH IN TOKYO

THE JAPANESE government today apparently completed work on the import liberalisation measures to be offered to its trading partners, but delayed announcement of the details pending further decisions on parallel measures to stimulate the domestic economy.

The two sets of measures, combined into an overall balance of payments adjustment, are to be taken, to Washington at the end of this week by Mr. Nobuhiko Ushiba, the newly-appointed Minister of External and Economic Relations.

Doubts whether the measures would go far enough in reducing Japan's trade surplus were voiced in Brussels this morning by Mr. James Callaghan, the British Prime Minister.

Apparently basing his remarks on reports of what the Japanese Cabinet has in mind, he told fellow heads of government of the EEC that a long haul would be necessary to reduce Japan's trade barriers.

He also voiced a worry shared by Mr. Roy Jenkins, President of the Commission, that the Japanese package was mainly aimed at placating the U.S.

The EEC's trade deficit with Japan is likely to top $5bn. (£2.7bn.) this year.

Mr. Callaghan said that the Community's views on trade problems with Japan should be given equal weight in Tokyo to those of the U.S.

EEC officials were prepared to give the Japanese the benefit of the doubt over the delay in announcing the package, attributing it to a desire by Japan to inform the U.S. privately first and to the problems created by the recent Tokyo Cabinet reshuffle.

In Tokyo, Japanese officials gave only the broadest outlines of the import liberalisation package, saying that it includes eight measures.

These cover tariff cuts, invisible barriers, an increase in agricultural import quotas, a commitment to "orderly exporting" and the stepping up of foreign aid.

In spite of denials, there were doubts whether the Cabinet has been able to complete the details. The most difficult area in reconciling the internal and external pressures on Mr. Takeo Fukuda, the Prime Minister, is over increasing agricultural import quotas.

This is because of the strength of the Japanese farm lobby and the importance of the rural vote to the survival of the Liberal Democratic Party Government. The Government may well continue tinkering with the import liberalisation measures during the remainder of this week. The main priority, however, now attaches to decisions in the field of domestic economic policy.

What seems likely to happen between now and Friday is the drafting of a rough Government position on some major economic issues, such as the size of the 1978 Budget deficit, which will enable general statements about next year's economic policies to be written into the package Mr. Ushiba will take to Washington.

Japan may be in a position by the end of the week to state that it is at last abandoning the traditional rule-of-thumb limiting Budget deficits to 30 per cent. of expenditure.

This will mean that the way will have been opened for a big increase in public works

THE LEX COLUMN

GEC keeps up the pace

Index fell 4.3 to 482.0

GEC's half-year profits are 28 per cent. higher at £155.2m. before an initial interest payment of £10.4m. on the capital notes, and a similar sort of growth rate seems possible over the rest of the year. So the City's recent bout of nerves about the share price has proved groundless.

Admittedly sales are only 14 per cent. higher so far, and the export order intake is down on a year ago. However, last year's substantial increase in overseas orders has yet to be reflected fully in deliveries, and the underlying trend in new export business—allowing for some substantial one-off contracts in 1976—remains steady.

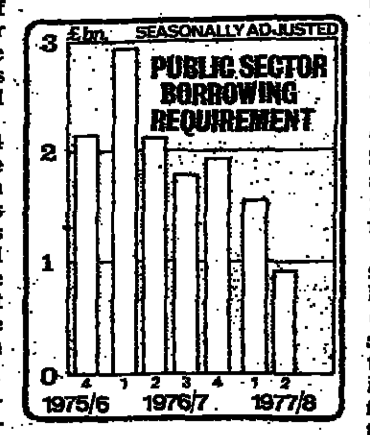
Among the growth businesses, a high level of completions in turbine generators has helped to push power engineering up from 13 to 17 per cent. of group profits, and orders here are still higher than they were a year ago. And the Marconi group of companies are finding it difficult to keep pace with demand, and will push profits on the electronics side up to perhaps £60m. this year.

On the minus side, TV production has moved into the red for the first time, partly due to a strike, and profits on telecommunications have been under more pressure. But the latter business is expected to do noticeably better over the rest of the year.

The questions about GEC's longer term strategy remain unanswered, and meanwhile the cash balances are still piling up. September's figure of £522m. will be substantially increased by the initial payment of nationalisation money next month and by further cash generation over the rest of the year: net cash flow seems to be running at over £250m. However, the appointment of Mr. Geoffrey Cross, late of International Computers, to a new U.S. operation shows at least that the group is still trying. And given the enormous untapped dividend paying power, a prospective p/e of under 9 at 253p is not asking for the moon.

Opening the tap

The authorities have been waiting for a favourable moment at which to drop the price of the long tap Treasury 10 per cent. 1992—issued at 95½—and start funding again. The move finally came yesterday, following some encouraging figures for the public sector borrowing requirement (running at an annualised rate of under £5bn. in the first half of the financial year) and ahead of some less alarming banking sector statistics published this morning.



Allowing for £1bn. of tax rebates and other second half adjustments the PSBR is likely to rise again, to maybe £6.6bn. for the year, but that would still be nearly £1bn. under the recent Treasury forecast. Meanwhile the 1¼ per cent. rise in banking sector eligible liabilities for the November banking month marks a sharp slowdown from the 2.3 per cent. jump in October, and there are obvious hopes that the growth of the money supply will show a similar deceleration, though it is still likely to be above target for the financial year so far. The parcel of tap supplied by the Government Broker at 89¾ yesterday will have helped the December money supply figures in a modest way.

Standard Chartered

A year ago when the outlook for world trade looked considerably more promising than it does currently, Standard Chartered's interim profits' growth looked unnaturally low. This time round, notwithstanding the appreciation in sterling, SC's interim pre-tax profits are nearly a third better at £62.5m., even though world trade which expanded by 11 per cent. last year is expected to drop to a 3-4 per cent. growth rate in 1977.

Last year's figures were struck with an eye to the need for provisions for the Glen Anil collapse in South Africa and the prospects for the Hodge group cannot have looked too rosy with MLR up at 15 per cent. However, U.K. interest rates have subsequently plummeted while the worst of the property provisions seems to be over in South Africa. U.K. profits, which account for around a quarter of the total, are higher and in South Africa Stanbic—which accounts for another quarter—recently reported a 16 per cent. rise in interim profits.

The loss of the Nigerian subsidiary is being compensated for by a sharp rise in Nigerian associate income. However, the slowdown in the growth of world trade is starting to have an impact on SC's important trade financing business and first half trading profits are 5 per cent. down on the second half of last year. Nevertheless the group should be able to top £130m. for the full year (against £109.9m.) and at 413p, a historic yield of 6.4 per cent. is well above that of the U.K. clearers.

Ranks Hovis

Hopes that Ranks Hovis McDougall could stay close to £40m. pre-tax have been disappointed. After a slight improvement at the half-way stage second-half profits are down a fifth, the total for the year easing from £39.8m. to £36.5m. Nor is this the result of the bread strike, which will lead to a further decline in profits in the first half of the current year. The main reasons are that the underlying problems on the bread side have worsened, and that RHM has taken the knife to the £20m.-odd loan portfolio of its troublesome HP subsidiary Wessex Finance. Moreover, interest charges have been rising steadily—by £3m. over the year.

With the bread strike out of the way, and scope for a sizeable turn-round at Wessex Finance, the group ought now to be on an improving trend. For instance, will chip in significantly more this year, following further acquisitions in the U.K. But the Board does not seem confident enough to project anything much better than a maintained result, the second £ months making up for the half time shortfall. With earnings easing from 6.2p to 5.7p a share the p/e of 7.7 at 46p has little great attraction, the appeal centring on a yield of 11.3 per cent.

Hopeful signs on control of the money supply

BY MICHAEL BLANDEN

THE GROWTH of the money supply slowed last month after the sharp jump in October, the latest banking figures, published to-day, indicated.

The rate of increase in the first seven months of the financial year, to mid-November, is still thought to have been running above the top end of the official target range of 9-13 per cent. for the full year.

The figure is likely to have come down, however, from the 14¼ per cent. annual rate recorded in the six months to mid-October.

This will be regarded as an encouraging performance in a banking month which continued to reflect the heavy inflows of foreign funds in the latter part of October before the pound was allowed to float upwards.

A further hopeful sign for the control of money supply is provided by indications that the sharp jump in domestic bank lending in October, of nearly £600m. in sterling was an exceptional movement.

The overall increase last month is thought to have returned to levels more in line with movements earlier this year.

The latest statistics underline the uncertainties over the course of money supply. Treasury sources yesterday denied reports that it would take a "virtual miracle" to keep within the money supply targets.

The Chancellor has made it clear that he attaches importance to getting the growth of money supply back on to the desired trend. It is recognised, however, that month-to-month fluctuations make it difficult to be sure of the ward's final outcome, and it has been explained to the IMF that it cannot be absolutely guaranteed that the result will be within the target range.

Increase

The main pointer to the money supply is given by the total of eligible liabilities—the main deposit funds of the banks—published by the Bank of England. These showed a rise of £495m. in the four-week period to November 16, to £40.2bn.

This was an increase of 1.25 per cent., compared with the 2.3 per cent. rise in the previous month when the total of the sterling money supply on the wider definition (M3) jumped by 1.8 per cent.

In the current month, the situation may improve again with the end of the inflows from abroad and the renewal of official gilt-edged sales after yesterday's move to bring the price of the long-dated tap stock back into line with the market.

The London clearing banks report that their sterling advances to the U.K. private sector rose by £5m. in the November banking month. Allowing for the expected downward seasonal movement, this implies an underlying increase in line with recent months at around £200m.

The increase has continued to be mainly in lending to the agricultural, retail, personal and professional sectors, with little sign of an increase in demand from the industrial sector.

This is confirmed by the latest quarterly breakdown published by the London clearing banks, showing that in the three months to mid-November lending to manufacturers dropped by £226m.—partly for seasonal reasons—while total lending to U.K. residents rose by £79m.

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Banking tables, Page 24

Oil price may rise despite Saudi plea

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SAUDI ARABIA'S opening position for the Caracas meeting of the Organisation of Petroleum Exporting Countries, which begins on December 20, is that there should be no oil price increase next year.

But the possibility remains that a small increase, perhaps of 5 per cent., may eventually be agreed.

Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, said yesterday in an interview published by the Jeddah newspaper, Okaz: "We are insisting on our policy of freezing prices as it was made known during the ministerial conference of OPEC last summer"—which took place in Stockholm in July.

Contacts with both Iran and the United Arab Emirates had shown that these important producers were also agreed that the price should be kept stable.

During his visit to Washington last month the Shah of Iran said his country would support a price freeze at Caracas. However, the statement clearly owed something to the complicated diplomacy involved in the whole package of bilateral relations discussed with President Jimmy Carter, including Persian demands for sophisticated weaponry and U.S. concern about human rights.

Another important factor as far as Saudi Arabia and Iran are concerned is the relatively weak market conditions which could justify only a modest increase.

If Saudi Arabia and Iran together took a firm line an agreement on stabilising the oil price at the common level set in July, at 10 per cent. above the 1976 level, might be achieved.

Yet despite the statements of Sheikh Yamani and Iran, it is believed that both these oil powers—the two leading OPEC producers—are prepared to settle for a rise of about 5 per cent. Prince Saud bin Feisal, Saudi Foreign Minister, said in Washington that he expected OPEC to agree on a "modest" increase.

Sadat move 'could delay peace talks'

By David Bell

WASHINGTON, Dec. 6.

MR. CYRUS VANCE, U.S. Secretary of State, conceded for the first time to-day that the Administration considers recent Middle East developments "have led us further away" from a reconvened Geneva conference.

He was referring clearly to the repercussions of President Sadat's unilateral move in inviting the parties to the Arab-Israel conflict as well as the U.S. and the Soviet Union, to preparatory talks in Cairo. So far only Israel and, with evident misgivings, the U.S. have responded.

But Mr. Vance also expressed American hopes that the meeting, due to begin on December 15 would be a "stepping stone towards peace."

Mr. Vance said he would urge all the leaders of the confrontation States to keep an "open mind" about Mr. Sadat's initiative in entering into direct negotiations on behalf of the Arabs. He was confident that the parties involved remained committed to the need for a reconvened Geneva conference.

Mr. Vance also confirmed that Syria had informed the U.S. it would receive him on his tour.

Roger Matthews reports from Cairo: Nearly 300 diplomats from the five Arab States with which Egypt severed relations last night were to-day leaving Cairo. Police armed with submachine guns guarded the embassies of Syria, Iraq, Libya, Algeria and South Yemen while at the airport the first Egyptian workers expelled from the countries, where they had been living arrived back with stories of ill-treatment at the hands of the authorities.

Foot rebuts Tory attack on Fairey take-over

BY JOHN ELLIOTT AND PHILIP RAWSTORNE

A SENIOR Cabinet Minister yesterday defended the National Enterprise Board's £20.5m. takeover of the Fairey group engineering interests, which the Board hopes to use as a base to help it rationalise parts of the engineering industry.

The Minister was Mr. Michael Foot, Lord President, who said in the Commons that the takeover was "absolutely right in the interests of the nation as a whole."

He rebutted Conservative MPs' suggestions that the investment of taxpayers' money, when there had been a valid bid from the private sector, was "an unacceptable expansion of the business empire of civil servants and politicians."

Weather

U.K. TO-DAY

CLOUDY WITH some rain. Wintry showers in Scotland.

S., S.W. England, Channel Isles
Cloudy with rain at times. S.E. fresh or strong wind. Max. 9C (48F).

London, East Anglia, Midlands, E. and Cent. N. England, Wales
Cloudy with rain at times. Wind moderate or fresh, S.E. Max. 6C (43F).

N.W. England, Lakes, Isle of Man, Ulster
Bright intervals and some rain later. Strong East winds. Max. 6C (43F).

N.E. England, Borders, E., N. Scotland, Highlands
Cloudy with wintry showers. Strong, locally gale E. winds. Max. 5C (41F).

West Scotland
Mainly dry with bright intervals. Strong to gale E. wind. Max. 6C (41F).

Outlook: Cold and wet in south.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	C	—2	28	London	Dr	5	41
Athens	C	19	[illegible]	Luxmbg.	R	—2	28
Bahrain	S	26	79	Madrid	R	8	46
Barcelona	F	14	57	Manchstr.	C	5	41
Belfast	C	6	43	Melbourne	C	19	66
Belgrade	S	—3	27	Mexico C.	C	19	66
Berlin	C	—1	30	Montreal	Sn	—7	19
Birmghm.	R	4	39	Moscow	C	—11	12
Bristol	Dr	4	39	Munich	C	—9	16
Brussels	R	3	37	Newcastle	C	6	43
Budapest	C	—6	21	New York	R	4	39
B. Aires	S	[illegible]	[illegible]	Oslo	C	2	36
Cairo	C	20	68	Paris	C	10	50
Cardiff	Dr	4	39	Perth	F	26	79
Chicago	Sn	—15	5	Reykjavik	R	[illegible]	46
Cologne	R	—2	28	Rio de J'o	S	35	95
Copnhagn.	C	1	34	Rome	R	11	52
Dublin	R	6	43	Singapore	C	29	84
Edinburgh	C	5	41	Stockholm	Sn	—3	27
Frankfurt	C	—3	27	Strasbrg.	R	—2	28
Geneva	R	1	34	Sydney	C	24	75
Glasgow	C	6	43	Tel Aviv	F	16	61
H. Kong	S	[illegible]	[illegible]	Tokyo	C	17	[illegible]
Jo'burg	C	26	79	Toronto	Sn	—8	18
Lisbon	Dr	14	57	Vienna	C	—7	19

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	R	14	57	Las Plms.	S	22	72
Algiers	F	22	72	Locarno	Sn	0	32
Biarritz	C	12	54	Majorca	F	17	63
Blackpool	C	5	41	Malaga	F	21	70
Bordeaux	F	11	52	Malta	F	16	61
Casblnca.	C	19	66	Nairobi	R	21	70
Cape Tn.	S	22	72	Naples	F	7	45
Corfu	F	13	55	Nice	R	6	43
Dubrovnik	C	7	45	Nicosia	S	17	63
Gibraltar	R	18	64	Rhodes	S	12	54
Guernsey	C	9	48	Tangier	C	19	66
Innsbruck	C	1	34	Tenerife	S	16	61
Inverness	R	4	39	Tunis	F	18	64
Is. of Man	C	6	43	Venice	Sl	1	34
Jersey	Dr	9	48				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Dr—Drizzle. Sn—Snow. Sl—Sleet.

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